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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

H.R. 2942

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1992, AND FOR OTHER PURPOSES

PART 1 (Pages 1–763)

Department of Transportation
National Railroad Passenger Corporation (Amtrak)
Washington Metropolitan Area Transit Authority

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CONTENTS

THURSDAY, FEBRUARY 28, 1991

Department of Transportation:

Page

  Office of the Secretary 1
  U.S. Coast Guard 129

WEDNESDAY, MARCH 6, 1991

National Railroad Passenger Corporation (Amtrak) 159
Department of Transportation: Federal Railroad Administration 229

WEDNESDAY, MARCH 13, 1991

Department of Transportation: Office of the Secretary 339

WEDNESDAY, MARCH 20, 1991

Department of Transportation: Urban Mass Transportation Administration 457
Washington Metropolitan Area Transit Authority 587

THURSDAY, APRIL 18, 1991

Department of Transportation: Federal Highway Administration 605

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, FEBRUARY 28, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:03 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Byrd, Mikulski, D'Amato, Kasten, and Domenici.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF SAMUEL K. SKINNER, SECRETARY OF TRANSPORTATION

ACCOMPANIED BY KATE L. MOORE, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS

OPENING REMARKS

Senator LAUTENBERG. I call this hearing to order and welcome on this side of the table the distinguished chairman of the Appropriations Committee, whose interest in transportation infrastructure is second to none. We appreciate having Senator Byrd with us because we know that as we deliberate over what the appropriations bill will look like, it is always good to have Senator Byrd on our side. We are pleased to have the chairman join us.

We are also pleased to welcome Secretary Skinner, with whom I can say I have had a very good working relationship, almost ascending to friendship, but we still have a little ways to go. It depends on how we come out of here. So Mr. Secretary, we are glad to have you with us.

I must say that, in these couple of years we have been working together, one of the things we have found with the Transportation Secretary is that he always talks with a straight tongue; and if we disagree, typically the Secretary will be malleable and agree. That is the kind of environment we prefer.

But in all seriousness, Sam Skinner has distinguished himself as Secretary of Transportation. I have had the opportunity to work with several secretaries, and it has never been a more direct and straightforward relationship than with the present Secretary.

We are also pleased to be here on this first day of the cease-fire, noting the decisive victory of our Armed Forces and the allied coalition. We salute their accomplishment and we salute the brilliance of our field commander, Gen. Norman Schwarzkopf and the Chairman of the Joint Chiefs, as well as the Secretary of Defense.

So we come here at a significant moment in history, in terms of having achieved peace. Now—I address this to Chairman Byrd—we need to look at what we have to do to ready this country for the aftermath of that conflict and be prepared to make the investments in this society and this country that are going to carry us forward on an economic growth pattern that will provide jobs and opportunity for those who served.

I am pleased also to welcome my distinguished colleague from across the river, as we say—the Hudson River, that is, not the Potomac River—and to say that Senator D'Amato and I have worked very hard together to get a degree of, if not unanimity, certainly cooperation here.

In this, the subcommittee's first hearing, we will be reviewing the Department of Transportation's fiscal year 1992 budget request. There are a number of issues that we want to cover this morning, including the annual proposal to cut Amtrak funding, the elimination of operating assistance for our largest and most transit-dependent cities, and the slow progress of the modernization of the national airspace system.

Additionally, there are two major initiatives underway in transportation, and I would like to focus on those today. First, there is the surface transportation reauthorization and the proposal that the administration has made. I am very concerned, Mr. Secretary, that this bill is not a plan for the future. It does not promote the balanced national transportation network that this country needs. It does not adequately address the problems of urban congestion, the need for better public transportation, and the compelling need to improve air quality. Second, the Department is now moving ahead to implement a national strategy on aircraft noise. Another concern of mine is that FAA may be misinterpreting congressional intent and may try to take away the authority of local airport operators to address their particular problems, and I hope we can clear up some of the questions about FAA's interpretation of the law today.

The cornerstone of the surface proposal is your stated goal to foster a sound financial basis for transportation. However, I am not convinced that shifting a greater responsibility to the States for paying for a national asset really fosters a sound financial base.

I believe that our transportation infrastructure is a national resource, and the Federal Government cannot abdicate its role. The Federal role is far too important to our national productivity and our international competitiveness to expect the States and the local governments to do more than they are already doing. This comes at a time of economic downturn, when a record number of cities and States are facing financial difficulties of enormous proportion on their own.

The new federalism as envisioned by the administration appears to me as an exercise, frankly, in passing the buck. The administration is saying to the States, "We will give you less, but the good news is we will stay out of your way and allow you greater flexibility." I just cannot support this position, and intend to not only push for higher funding levels for highways and transit and Amtrak, but to also make sure that the Federal Government pulls its own weight.

The Federal Government must provide funding at a rate that ensures equitable participation by all parties, Federal, State, and local. And that level of participation must not only maintain our existing transportation systems, but allow them to grow to meet the challenges and opportunities in the years ahead.

Before we hear from the Secretary, I turn to the ranking member, Senator D'Amato, for his opening statement and ask other members of the committee, if they would not mind, to put their statements in the record. Of course, any comments that they want to make we are happy to hear, but in the interests of time and since we expect a full attendance of the subcommittee, it would be helpful to put statements in the record.

Senator D'Amato, welcome.

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Thank you very much, Mr. Chairman, and let me at the outset say that in the interests of time I am going to ask that my full statement be placed in the record as if read in its entirety. I would, though, like to make an observation.

First of all, Mr. Chairman, let me commend you for your leadership of this committee and the manner in which you have done it has accrued to the benefit of all of our constituents. The fight for mass transit funding, Amtrak, to meet the projects environmentally that make sense and that move transportation, and it has been our good fortune to have a professional staff second to none, and I want to compliment the staff. They have been available to all of our members, and we indeed are pleased.

Mr. Secretary, it is good to see you again. I would just make this observation: that the administration's proposed elimination of operating assistance for transit systems in those areas with populations of over 1 million people is absolutely the wrong move at precisely the wrong time.

When we are attempting to encourage environmentally sound methods of transportation to get people out of automobiles, to get them to use those systems that move large numbers of people economically, efficiently, and in an environmentally sound way, this is not sound. It just simply is not.

I am not going to dwell on it ad nauseam, but I will suggest to you that the flexibility formulas that you provide for small communities, where they can trade in funds and get funds for highways, et cetera, is fine if they want to do it. I also would like to see that same kind of flexibility for trade-in if they want to use those funds for mass transit, particularly for larger communities. It is a bias toward the construction of roads.

Now, flexibility should be something that goes two ways, but if you are just going to give it as it relates to building highways and none as it relates to mass transit operations, then that is truly not the kind of flexibility that we hold out with one hand and take away with the other.

PREPARED STATEMENTS

So I make those observations in the spirit of attempting to deal with this problem that we are going to have, and I thank the Chair, and I look forward to working with our chairman and the other members of this committee. I would also ask that the statement of my esteemed colleague from Oregon, Senator Mark Hatfield, be inserted at this point.

[The statements follow:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I appreciate this opportunity to join you in welcoming Secretary Skinner and Admiral Kime to this hearing. Mr. Secretary I look forward to hearing your views on the fiscal year 1992 budget proposal for the Department of Transportation. In addition, I'm sure we will hear more about the administration's proposal to reauthorize the Surface Transportation Act covering our national highway and transit programs. I welcome our discussion of those matters.

I understand that Admiral Kime is here to discuss the fiscal year 1991 supplemental request for the Coast Guard. We all want to make certain that the Coast Guard receives all the support it requires to cover its Desert Storm expenses. We certainly appreciate the contributions made by Coast Guard personnel to the war effort.

This year we are presented with a budget request that requires enactment of authorizing legislation for the transit and highway areas. Obviously, I am concerned about the elimination of mass transit operating aid for large cities, which would cost New York City $103 million and Buffalo about $6 million. This likely would cause unacceptable service cuts and fare hikes. The budget also, for the first time since fiscal year 1985, requests funds for Amtrak. This is a step in the right direction, even if the total amount requested is 20 percent lower than the $625 million provided by this subcommittee for fiscal year 1991.

The administration is requesting $9.3 billion for the Federal Aviation Administration, an increase of $1.2 billion (+13.9 percent). Most of this increase would be for capital equipment and facilities improvements (+$605 million) to update the air traffic control system. U.S. Coast Guard funding is requested at $3.627 billion, all from the DOT. This is an increase of 8.5 percent over fiscal year 1991.

Mr. Chairman, I look forward to hearing from our witnesses.

STATEMENT OF SENATOR HATFIELD

Mr. Secretary, I wish to welcome you and let you know how much I look forward to working with you as a member of this subcommittee. Throughout my tenure in the Senate I have had the opportunity to work with members of this subcommittee and the various agencies of the Department of Transportation on a variety of issues of concern to my State. As you are well aware, this is a very important time in the development of our national transportation policy and for this subcommittee in balancing out the competing needs within the transportation budget.

Mr. Secretary, I wish to commend you for the outstanding leadership you have provided the department thus far. Your skills have impacted every entity within the Department, from the Coast Guard to the Urban Mass Transportation Administration to the Federal Aviation Administration and the Federal Highway Administration.

Over the last ten years, I have watched our spending priorities shift and the funding requirements to build and maintain our national transportation infrastructure fall far short of what is needed. Clearly, Mr. Secretary, if I had my way, you would not be here asking for funds, you would be back in your office trying to figure out what to do with it all. With the reauthorization of the Surface Transportation Assistance Act this year, we have the opportunity to swing the pendulum in the other direction and, hopefully, to more adequately met the demand to build and maintain our national transportation system.

When President Eisenhower launched the Interstate Highway construction program more than 35 years ago, he explicitly linked transportation to national security by calling it the National System of Interstate and Defense Highways. In addition to its critical importance to national security, the nation's highway system is integral to everything from international trade to accessibility of food and medical care.

In large part because of the efforts of President Eisenhower, the United States has the most extensive national system of roads and bridges in the world. In many countries, people die of starvation and disease, not because food and medicine are unavailable, but because there is no way to get supplies to the people in need. Throughout the world, basic goods and products are piled in warehouses because there is no way to get them to ports, markets and rural communities.

The United States has not faced these problems in modern times because of its extensive transportation network. Today, however, that network is in great need of repair. Unless the repair of the nation's roads and bridges is made a top priority at the federal, state and local level, transportation problems will become a serious threat to the national security of the United States and to the health and well being of its citizens. I am very happy to see the increased emphasis on transportation by this administration and undoubtedly, it is a great step in the right direction.

Again, Mr. Secretary, your proven leadership skills are an asset to the country and I am confident that the Department is in good hands. I look forward to working with you and the members of this subcommittee to help solve the many problems and meet the many challenges that we will face in the coming years.

Senator LAUTENBERG. I thank you for your comments. Senator Byrd, is there a statement you would like to make? We are not going to have much of your time.

Chairman BYRD. I will wait until after.

Senator LAUTENBERG. I appreciate that, and if the other Senators are willing to enter their statements in the record, apart from a brief comment if you would like to make one, and then I would like to call on the Secretary to make his comments, after which we will have some questions.

STATEMENT OF SAMUEL K. SKINNER

Secretary SKINNER. Thank you. I am delighted to be here for my third appearance before the committee. I appreciate the comments made by the chairman and other members of the committee.

We have worked together very closely over the last 2 years, and while we have not agreed on all issues, we have always known where each other has stood and have always respected each other's position. I hope this year will be a continuation of that.

We have presented to the Congress a budget that is substantially above the President's 1991 budget submission. It marks for the first time a departure from previous administration positions on such important issues as mass transit and, in particular, Amtrak. It provides funding consistent with the Surface Transportation Reauthorization that was presented.

I would ask that my entire remarks be made part of the record.

Senator LAUTENBERG. Without objection.

Secretary SKINNER. I would make a couple of observations concerning issues which I know are relevant to the committee. I think I understand their concerns.

No. 1, as a result of hard work by a lot of people including some in this room, last year the Congress and the administration came together on a budget package which significantly restricted additional funding in certain areas.

Having said that, no department in this year's budget did better than the Transportation Department in taking advantage of the additional funding available in the domestic discretionary accounts. I think that is a reflection of hard work by a lot of people. And I appreciate that.

We operate under very serious financial restrictions as a result of the Budget Reconciliation Act.

We believe that the program we have presented, both the budget and the reauthorization, is a balanced program. In the real world there is not enough money available in any of the programs to solve many of the problems.

There are—although the proposal has received a solid level of support, it is not dead on arrival—still a number of areas that will become controversial and that will be the subject of discussion between the House and the Senate as well as the administration.

Operating assistance is something that I am familiar with having served as chairman of the Regional Transportation Authority in Chicago and having appeared before the Congress in my previous role several years ago when this issue was before the Congress.

I believe now, as I did then, and I stated that position, contrary to what the other major transportation heads stated, that the big systems can afford to get out of the operating assistance business. The Federal Government should concentrate its role on the capital side of the business, rebuilding these very important systems.

I believe also the impact on those systems is much less than it is on the smaller systems which have such an important part in our system and which rely more heavily on operating assistance.

As to the role of the Federal Government and the State and local governments, we believe that the time has come for State and local governments to do more in transportation. They, at the same time, should have more authority. This is not to take away from the Federal Government a very substantial role.

The funding in the bill is ramped up, as we say, into a substantial increase in the out-years for Federal financing involvement in surface transportation. At the same time we are asking States to do more in their matching share. We are also giving them more flexibility, which they have desperately requested for so many years.

I also believe that there are a number of issues in the balance that this committee faces, decisions not dissimilar to what the Congress as a whole faces in surface transportation reauthorization. What is the role in urban areas versus rural areas? This committee has representation from both of those segments.

And this balance, I believe, will be drawn by the Congress after consultation by members of both the House and the Senate. And that balance, as drawn by the Congress of the United States, will be the balance that is the correct one.

I was observing this the other day when I was discussing with Senator Mitchell. Senator Mitchell made the point; he said I am not so sure that our forefathers, when they devised the system of population representation in the House and two Senators per State in the Senate, really had transportation in mind. But there is no better place to demonstrate the balance that the founders of our country thought was necessary in establishment of those numbers and those weights. It is that weighting process, he and I agreed, that is going to properly determine the balance between these areas.

I look forward to working with you on them. I believe that the program is sound. I believe there are good logical arguments for the ratios that we have. But I also recognize that there are some who might disagree.

With that in mind, I would welcome questions from the committee.

PREPARED STATEMENT

Senator **LAUTENBERG**. Thank you very much, Mr. Secretary. Your complete statement will be made part of the record.

[The statement follows:]

STATEMENT OF SAMUEL K. SKINNER

Mr. Chairman and members of the Committee, I am pleased to appear before you to discuss the Department's budget request for fiscal year 1992. This Committee has provided key support and initiative in a number of transportation areas. We appreciate the spirit of communication and consultation from which we have benefited over the past two years and we look forward to continued support, particularly in light of this year's emphasis on surface transportation reauthorization.

The President's fiscal year 1992 budget for the Department asks this Committee to approve $33.24 billion in appropriations and obligation limitations. (This excludes $298 million requested for the Maritime Administration, including $225 million for the Ready Reserve Force (RRF). Nearly two-thirds of the RRF fleet has been activated in support of Operation Desert Storm.) Our request is 25 percent above the fiscal year 1991 President's Budget and 6.4 percent above the fiscal year 1991 enacted level. Our National Transportation Policy (NTP) helped us identify and articulate the infrastructure and safety needs facing this country. The growth reflected in this budget supports those critical initiatives important to this Department and to the goals of this Administration: support for the President's aviation programs reflected in the recently enacted legislation; investment in surface transportation infrastructure as the centerpiece of the Administration's proposal for reauthorization of surface transportation programs; maintenance of a strong and effective Coast Guard; continuing support for safety programs; investment in research and development across the Department; and support to assure a quality DOT workforce.

Before I highlight individual modal budget requests, let me summarize the major themes of the budget which reflect the principles of the NTP.

Maintain and Expand the Nation's Transportation System

Our request includes $24 billion, or 72 percent of the Department's budget pending before this Committee, for programs directly supporting capital investments in highway, transit, rail, and aviation infrastructure. This funding exceeds the fiscal year 1991 enacted level for our core infrastructure programs by 8.1 percent. Such investments are needed to maintain current conditions as well as to expand capacity. This includes $19.3 billion for surface transportation investments—a 6 percent increase over fiscal year 1991 enacted levels. We are proposing growth in both highway and mass transit capital programs. Moreover, our five-year reauthorization proposal of $105 billion for surface transportation proposes capital investments totalling $102 billion. In addition to these amounts $90 million is included for maritime infrastructure including aids to navigation and vessel traffic safety systems.

Foster a Sound Financial Base for Transportation

Given the transportation needs and the deficit reduction requirements facing this country, it is imperative that the Department foster sound, viable financing to ensure long term investment without conflicting with deficit reduction goals. Moreover, to the greatest extent possible the cost of transportation should be borne by those who benefit. Hence, the budget continues to rely heavily on user fees rather than general funds to finance transportation programs; 80 percent of our budget would be financed from user fees in fiscal year 1992 versus 73 percent in fiscal year 1991. In addition, the Department continues to pursue mechanisms for ensuring that Federal transportation investments promote as much non-Federal investment as possible. The Administration's proposal for Passenger Facility Charges (PFCs) at airports, which Congress enacted in 1990, will be implemented. Our surface transportation reauthorization proposal encourages innovative financing mechanisms such as toll roads.

Ensure that the Transportation System Supports Public Safety and National Security

We are requesting $1.8 billion for direct, operational safety programs, a 14 percent increase over fiscal year 1991, needed to carry out the Department's responsibilities to ensure a safe transportation system and the safety of the travelling public, particularly on our highways where nine out of ten transportation casualties occur. Our safety programs include inspections, search and rescue, safety grants to States, and transportation security. The budget also continues efforts to ensure that transportation services are drug-free and supports the Nation's overall drug interdiction strategy and proposes $751 million, essentially the same as fiscal year 1991, to maintain these efforts. To support this country's national security, we are requesting $399 million, including Coast Guard's responsibilities for military readiness and FAA and RSPA security activities.

Protect the Environment and the Quality of Life

The budget includes $556 million for environmental activities. This includes funds to clean up DOT facilities and to ensure environmental compliance as well as funds to carry out new legislative requirements pursuant to the Clean Air Act, the Oil Pollution Act, the Hazardous Materials Transportation Uniform Safety Act and the Sanitary Food Transportation Act. All of these laws increase our regulatory requirements as well as prevention and enforcement responsibilities. In addition, our transit proposals will help local areas comply with the requirements of the Americans with Disabilities Act.

Advance U.S. Transportation Technology and Expertise

The budget proposes $433 million for research and development, a seven percent increase over fiscal year 1991. Through this investment, the Department will act as a catalyst to promote technological advances to improve the productivity and safety of transportation services. Major initiatives include the Intelligent Vehicle Highway Systems program to reduce congestion and improve safety and the National Maglev Initiative; both areas which this Committee has strongly supported.

This budget also provides for management improvements. Significant investments are proposed in information systems improvements, financial management, procurement system controls, and training. Across the Department, funds are also requested to enhance the Department as a workplace and to improve the quality of life of its employees, by addressing workplace facilities, housing, and child care needs. In this way, the Department seeks to retain and attract talented civil servants and Coast Guard men and women. All of these areas are key to the long term effectiveness of this Department.

Let me address the individual program and funding levels proposed.

FEDERAL HIGHWAY ADMINISTRATION

Our request for the Federal Highway Administration reflects our proposal to reauthorize the surface transportation programs. The fiscal year 1992 program totals $16.5 billion including exempt obligations. Within this amount the Federal-aid Highway program would total $16.272 billion. Continuing the growth initiated by this Committee for fiscal year 1991, the proposed obligation limitation of $15.722 billion represents an 8.4 percent increase over the fiscal year 1991 enacted level. The main focus of the Federal-aid program, the National Highway Program, is intended to foster productivity and mobility by focusing investment on maintaining and improving a designated system of roads serving interstate and interregional commerce and transportation. We are also proposing increased flexibility to provide State and local governments the leeway to generate cost-effective solutions to transportation problems.

Continuing our emphasis on research and technology as critical investments in the future, the highway budget includes $104 million, up from $49 million in fiscal year 1991. A key aspect of this total is $50 million for Intelligent Vehicle Highway Systems. This research is critical to encourage the development of technologies to relieve congestion. Together with funds in the UMTA and NHTSA budgets, we propose a $60 million IVHS program for 1992.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

For the National Highway Traffic Safety Administration, the fiscal year 1992 budget requests a funding level of $292.2 million in appropriations and obligation limitations, a $43.8 million (17.7 percent) increase over the fiscal year 1991 level. These funds will support efforts to continue the decline in the traffic death rate and meet the President's goals for improved traffic safety. The budget proposes to fund all of NHTSA's programs from the Highway Account of the Highway Trust Fund. Currently, 69 percent of the NHTSA budget is funded from the trust fund and 31 percent from general revenues.

The budget proposes $165 million to continue highway safety grants to States including $115 million for Section 402 formula grants. A critical initiative featured in the reauthorization proposal for the highway safety program is provision for new safety bonuses. With a particular focus on combating drunk driving, we would provide safety bonuses to States that succeed in reducing fatalities or that have high levels of safety belt use, good urgency medical service programs or other proven lifesaving programs. Safety Bonus funding would total $80 million in fiscal year 1992, including $25 million in companion FHWA funding, $50 million in NHTSA of which $25 million is for alcohol safety programs and $5 million as a set-aside in the urban/rural category of Federal-aid Highways.

URBAN MASS TRANSPORTATION ADMINISTRATION

For the Urban Mass Transportation Administration, we propose a $3.329 billion program in fiscal year 1992, growing to $3.4 billion in fiscal year 1996. All of UMTA's programs except for the Washington Metro would be funded from the Trust Fund. Our proposal provides $2.6 billion for formula grants which includes $600 million for rail modernization (to replace what was previously funded in the Discretionary Grant program). For cities under one million population, the budget includes $225 million for operating assistance and $72 million for materials and supplies and associated capital maintenance, a newly eligible capital expense. A $2.6 billion formula grant program means that nearly 80 percent of Federal transit dollars would be distributed by formula compared to 58 percent in fiscal year 1991. Discretionary grants would be funded at $350 million, including $300 million for New Starts, which we would administer based on proposed cost-effectiveness criteria and existing Full Funding Agreements. The Washington Metropolitan Area Transit Authority would be funded at $80 million from the general revenues.

FEDERAL RAILROAD ADMINISTRATION

We are requesting $566 million for the Federal Railroad Administration in 1992, which provides a funding increase of 19 percent for our safety and research programs, and $480 million for Amtrak. This budget, the first since fiscal year 1985 which proposes funds for Amtrak, recognizes that passenger rail plays a role in an integrated transportation system. Our Amtrak proposal envisions an aggressive strategy geared toward self-sufficiency, which I hope the Committee will support, of legislative reforms and management initiatives to reduce operating costs, increase revenues, and provide more capital investment to increase productivity. In other rail programs, we are proposing to increase railroad safety inspection coverage and to continue safety, economic and technical evaluations needed to assess the viability of high speed rail and maglev systems. Our request of $15.5 million, together with $8 million in the Corps of Engineers' budget, will provide a 96 percent increase over fiscal year 1991 funding. Magnetic levitation holds great promise, but the technology has yet to be proven in commercial application. Our budget proposal is intended to further our efforts to lay the ground work for private sector development and testing of the technology.

FEDERAL AVIATION ADMINISTRATION

For the Federal Aviation Administration, we are proposing a budget of $9.3 billion. This is a 14 percent, $1.13 billion increase over the fiscal year 1991 level. This includes $4.8 billion for capital and research and development programs:

—$2.7 billion for Facilities and Equipment, a 29 percent increase over the fiscal year 1991 enacted level, to keep on track with major procurement and implementation schedules for modernization of the National Airspace System.

—$1.9 billion for Airport Grants which, together with implementation of passenger facility charges, will greatly expand the funds available for airport construction and other capacity projects. The $1.9 billion request is consistent with the FAA reauthorization and, as such, is a necessary component to accomplish the implementation of PFC's.

—$210 million for Research, Engineering and Development, an increase of 2.4 percent overall, to address long-term aviation system needs and the more immediate needs of aging aircraft, human factors, and aviation security which reflects a five percent funding increase over the fiscal year 1991 level for security.

For FAA Operations, we are proposing $4.457 billion, a 10 percent increase over fiscal year 1991, with funds included to support growth to 17,945 controllers, an increase of 450 over the fiscal year 1991 employment level; 100 new safety inspectors for a total of 3,158; and 178 new security personnel for a total of 1,026, a 21 percent increase over fiscal year 1991 for security.

In keeping with the FAA reauthorization, 75 percent of the FAA budget is to be financed from the Trust Fund.

U.S. COAST GUARD

Our request for the United States Coast Guard totals $3.627 billion to carry out its various missions, maintain and upgrade facilities and support the men and women of the Coast Guard. This represents an eight percent increase over the fiscal year 1991 enacted level. For Operating Expenses, the request of $2.54 billion includes funding to carry out the recently enacted Oil Pollution Act, including the operation of three strike teams, 10 response groups and a national response unit. The request of $423 million for Acquisition, Construction and Improvements includes funds to complete the modernization of the 378-foot cutters, to begin the replacement of the aging seagoing buoy tender fleet, and for design work leading to the replacement of coastal buoy tender fleet. Funds are also requested to procure two replacement helicopters for drug enforcement, to improve and upgrade Vessel Traffic Systems in four locations, and to improve other shore facilities, including $31 million for Coast Guard family housing.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

For fiscal year 1992 we are requesting an appropriation of $10.8 million for the St. Lawrence Seaway Development Corporation which, together with $1.6 million in estimated revenues, will finance the operation and maintenance of the U.S. portion of the St. Lawrence Seaway.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Our $37.9 million request for the Research and Special Programs Administration, a 41 percent increase over fiscal year 1991, will continue the support of our safety and regulatory efforts in pipeline and hazardous materials transportation. In particular, $3.3 million and 23 positions are requested to carry out new hazardous materials and sanitary food transportation laws. The budget also proposes to increase grants to states for pipeline safety from $5.2 million to $7 million. This increase is necessary to continue State participation in the program and hence ensure pipeline inspection coverage. For the Transportation Systems Center, the budget proposes an increase of 75 FTE, to allow TSC to be more responsive to potential demands for its services.

OFFICE OF THE INSPECTOR GENERAL

The budget requests $38.7 million for the Office of the Inspector General, a 21 percent increase over fiscal year 1991, to support audit and investigative activities geared toward promoting economy, efficiency, and effectiveness of the Department's programs and detecting fraud and abuse. The budget includes 19 new auditor positions to meet the provisions of the Chief Financial Officers Act of 1990.

OFFICE OF THE SECRETARY

For the Office of the Secretary (OST), we are requesting appropriations and obligation limitations totalling $198.1 million. This is slightly below the fiscal year 1991 enacted level. However, there are significant changes reflected in our proposal.

—For Essential Air Service, an obligation limitation of $38.6 million is requested, to maintain existing subsidized service and provide upgraded service to eligible communities. Of this total, roughly $12 million is included for upgrading the quality of air service (e.g., larger, pressurized aircraft) at selected communities, in conformance with statutory criteria. Our request for EAS—equal to the contract authority authorized last year for fiscal year 1992—is critical. Authority to implement PFC's hinges on obligating $38.6 million for EAS (and $1.9 billion for AIP). In our view, this EAS commitment is a small investment to make to achieve the much needed infusion of revenue for airport capacity which PFC's would generate.

—For the Office of Commercial Space Transportation, we request $4.8 million to strengthen regulatory licensing and safety research activity in response to the continued growth in commercial space transportation and launch site activity. Twelve successful launches have occurred since 1989 when licensed US commercial launches began. The first 1991 quarterly commercial launch manifest, issued on February 7, lists 35 launches that are expected to take place over the next few years. The budget also assumes that $300 thousand in user fee collections will support the licensing program.

—For Salaries and Expenses, we are requesting $81.5 million to support 710 FTE and significant investments in training and diversity initiatives, and information resource improvements. Further development of the departmentwide accounting system and other management systems are also planned. Four new positions are requested to strengthen OST expertise in the Department's major acquisition process.

—A new account, Headquarters Facilities, includes $69 million to cover certain costs associated with construction of a new DOT headquarters building, such as communications, that are not covered by the basic GSA construction standard. The President's Budget includes $473 million in the GSA budget for construction of the building.

—We have not continued the consolidated account for funding our GSA rent costs. Rather, the funds are included in each agency's budget. I ask your support for this approach. I also urge the Committee to provide the full amount to cover GSA rent costs in 1992.

CLOSING REMARKS

The programs and investments of this Department play a key role in the safety, economic soundness and productivity of this country. The funding levels for DOT programs proposed in the President's Budget for fiscal year 1992 are essential to the effectiveness of transportation programs and to the strength of the Nation's transportation system and the economy overall. In addition, the budget requests the resources necessary to ensure the Department's capability to carry out its responsibilities.

I look forward to working with the Committee as we meet the challenges ahead. This concludes my prepared remarks. I would be pleased to answer the Committee's questions.

STATEMENT OF CHAIRMAN BYRD

Senator LAUTENBERG. I would like to extend the courtesies of the subcommittee to the chairman of the Appropriations Committee and would ask Senator Byrd if he would like to make his comments and ask his questions first. I know he has other things that he is attending to this morning.

Chairman BYRD. Mr. Chairman, you are courteous as always. But I have always felt that the chairman of the subcommittee should be heard first and the ranking member. Please go ahead.

Senator D'AMATO. Mr. Chairman, I would like to defer to our chairman.

Chairman BYRD. Mr. Chairman, I join with our colleagues in congratulating you on the way that you have handled this budget request every year. Let me thank you for your emphasis on building the infrastructure of this country. You have done a remarkable job. And I thank the ranking member for his cooperation with you.

I also wish to express my thanks to the Secretary. He is a good Secretary of Transportation and I have a great deal of respect for him. I always try to remember that he has a boss. And that he has to reflect the policies of the administration as led by the President.

But we also have bosses and they are the people, as far as I am concerned, who are out there in the hollows and the hills of West Virginia and in the plains and the mountains of the great West and Midwest and Northeast and Southeast.

It was this committee that for the past 2 years provided a higher obligation ceiling than was requested by the administration. For 1990, the administration requested an $11.3 billion ceiling. This committee provided $12.3 billion. For fiscal year 1991 the administration requested $12 billion and the Congress provided $14.5 billion, led by this subcommittee and this full Committee on Appropriations.

The administration's highway request for 1992, if we add in all federally funded programs is not the increase that was advertised, but only a slight increase over this year's level. And this is disappointing.

INFRASTRUCTURE INVESTMENT

One of the major arguments that I used during last summer's budget negotiations to protect and expand overall domestic discretionary spending was the crying need to make increased investments in this country's infrastructure.

Mr. Secretary, you referred to the budget agreement. I carried the ball at the summit for infrastructure, for domestic discretionary initiatives. I went to that summit with a determination to do everything I could do to protect domestic discretionary spending and to increase it if at all possible. We were down to 11.9 percent of the total budget.

And over a 10-year period from 1981 to 1991, I pointed out on charts, the defense spending had increased $569 billion over inflation, and that entitlements had increased $599 billion over inflation during that 10-year period, and that domestic discretionary spending had been cut $326 billion under inflation over that 10-year period.

I made that fight. And every individual who attended that summit from the House of Representatives, from the Senate, and from the administration knows that I made that fight. And if I must say, I made two speeches and got applause at the end of both speeches, the applause not being for me, so much, but it reflected support for the position that I took and the case that I made for domestic discretionary funding.

INFRASTRUCTURE NEEDS

I happen to believe that this country is in great, great need of funding for rebuilding, repairing, and building of our infrastructure, both physical and human, and to make these points I used the data that was generated by your Department.

I pointed out that 41.2 percent of the Nation's 577,710 bridges are rated as either functionally obsolete or structurally deficient and that a similar level of our roads are rated in poor or fair condition.

I stated that to repair the Nation's bridges, as of that time, if it could have been done on that 1 day, it was expected to cost $50.7 billion. These were the figures that we received from your Department.

I pointed out that 21 airports in this country today experience 20,000 hours of delay annually and that 33 airports in the country are expected to exceed 20,000 hours of delays annually by 1997.

I pointed out that nearly 1.4 billion gallons of gasoline are wasted every year because of traffic congestion and traffic tieups, and that 1.2 billion hours of labor are lost because of these same tieups and this same congestion.

The critical state of the Nation's infrastructure was not lost on the budget negotiators last summer. Now, the administration's people were there. Mr. Sununu was there. Mr. Darman was there. Secretary Brady was there. They all heard this, and the outcome of the negotiations was what I had hoped for. Domestic discretionary funding was increased while defense was cut and while entitlements and mandatory programs were cut.

But I fail to see that same urgency expressed in the administration's budget request. I also have to take issue with the contention that this budget request fosters a sound financial base. I think that the legislation that has been proposed ignores the States' existing levels of effort, and it does not account for the differences among States and their ability or inability to raise additional State revenues to meet the proposed matching requirements.

The administration's surface proposal shifts an even larger burden onto the States to maintain the National Highway System. A National Highway System is just that—a National Highway. If we are going to shift the burden to the States we are going to have a crazy-quilt, spotted national system. I believe it is the Federal Government's responsibility to play a strong role in building and maintaining that system.

We have heard and read so much over the years about Rome's system of roads—all roads led to Rome—and about that system which connected the ports with the city, and ran through all the provinces. I think the reason was that Rome took pride in building its roads and expanding the empire, and it did not expect each little province to do its own particular road-building. We need to take a leaf out of that book.

We cannot expect the States to do this kind of a job. It will not be a national system, and the States are already strapped, and of course the Federal Government is strapped as well, but if we are going to have a national system then the Federal Government is going to have to continue to provide the leadership and most of the funding.

We are at the crossroads. We can choose to get involved to expand investment in our Nation's infrastructure, to ensure future generations greater productivity, and to favorably position the United States to compete globally, or we can abdicate those responsibilities.

My time is up, is it not?

Senator LAUTENBERG. Mr. Chairman, we did not turn on the light, knowing that you had something to cover and we wanted to give you a chance to do that, so within a degree of reason the time is yours, sir.

Chairman BYRD. Well, you are very kind, Mr. Chairman. I do not want to impose on the committee. I have several questions that I will submit for the record. Perhaps I could ask one question and not impose on the time beyond the 10-minute limitation.

WEST VIRGINIA HIGHWAY ALLOCATION

Under current law, to receive the Federal funds of $110 million in West Virginia, the State needs to put up $25 million, or 18.5 percent of the total cost.

Under the authorization bill being proposed, West Virginia would have to put up $37 million. In other words, $12 million more, to receive its apportioned $112 million, or $2 million more, or 24.8 percent of the total cost. In other words, instead of 18.5 percent now to get $110 million, the State would have to provide 24.8 percent to get $112 million—$2 million more.

So to receive the small Federal increase, my State's contribution would be expected to grow at a rate six times greater than the Federal Government's contribution.

What is the logic behind such a proposal, Mr. Secretary, and what reaction have you gotten to date from the individual States and their various associations regarding the 150,000-mile limitation and regarding the increased fiscal burden that would be placed on the States if the administration's legislation were to be enacted?

Secretary SKINNER. Well, Senator, obviously you have identified the issue that is most troublesome to many of the States.

First of all, the 150,000-mile National Highway System is being developed after consultation with all 50 States, and the input into the legislation comes from all 50 States. In developing this legislation we probably had the largest outreach by the Department to the States we have ever had.

The philosophy contained in this bill is similar to the philosophy earlier expressed by the administration, that in order to maximize investment in infrastructure, the State and local governments must come up with a greater local share.

At the same time, we believe that State and local governments should have greater control over where the projects should be and the specifications and quality of those projects. They should not be tied down by Government bureaucracy, rules, and regulations.

The States welcome our willingness to give them more autonomy and more authority and more control. They are not as enthusiastic about the increase in local share. It is not uniform, however.

Some States, as you could predict, have funding sources in place that they can use to increase their local share, and they welcome the opportunity to do so in return for the greater control. Other States do not have that mechanism in place. That is one of the reasons that we propose a 2-year waiver to hold down the amount of money that would be available until the States can ramp.

I believe, having managed a transit system, having been an applicant for Federal grants, that the State and local governments will have a better project, make better decisions, and be in better control of the project if they have a significant stake in that project.

If they look upon that project as money from Washington without any local involvement, the attention to detail and the attention to overruns or specifications, quality and location, is significantly less, present company excluded, of course.

Having said that, we believe that with the additional autonomy we can get better projects. That is the concept on a national basis upon which we have started out. The State of West Virginia and your Governor, my friend, has probably been one of the most vocal in expressing his concern about the matching ratio. I can assure you that the State of West Virginia is in that group that does not like this increase in local share.

Chairman BYRD. Mr. Chairman, I am sure I have exhausted my 10 minutes. I thank the Secretary, and I again thank you, Mr. Chairman, for your kindness and for your leadership.

Secretary SKINNER. I just want to comment before Chairman Byrd leaves that he was the one I was talking about in my opening remarks. No one has been more in the forefront of making America aware of the need for infrastructure. No. 2, he and I are viewed as part of the infrastructure cabal by those around town here, and I am delighted to be a part of that cabal.

I would say that we have made progress. We made progress in the 1991 bill as a result of the appropriation process. The Federal-aid highway obligation limitation went from $12 billion to $14.5 billion. The numbers I have on total domestic discretionary budget authority for 1992 show in total, an increase of 4.9 percent. DOT's total went up 16.8 percent. Our percentage of the total from 1991 to 1992 would increase from 6.6 to 7.4 percent.

So in a very tight budget year, as I indicated earlier, Transportation did better from 1991 to 1992 in the budget request and I do not think that would have happened without Senator Byrd's intervention last fall and his patience before the committee, and I want to publicly acknowledge that.

Senator LAUTENBERG. Without objection. The Department will respond promptly, if you would please, Mr. Secretary, to any of the questions submitted in writing as has been the normal procedure.

Thank you very much, Senator Byrd, for joining us this morning.

In this mood of beneficence and grace, I have been asked by the ranking member to preempt the order and let him be permitted to make a short statement and a short question since he has other obligations this morning.

So without further discussion, Senator D'Amato?

PAN AM SALE

Senator D'AMATO. Mr. Chairman, thank you very much. I am going to make an observation.

First of all, I want to commend you, Mr. Secretary, for your move as it relates to Pan Am to approve that sale. I know it has bogged down now when the British are looking for certain concessions.

Do you think there is any hope of that sale being completed before Pan Am goes under? We have 12,000 employees in the State of New York and that $290 million is the difference. Do you have a sense of that?

Secretary SKINNER. I probably can answer that better tomorrow than today. As you know, Senator D'Amato, the discussions began this morning with the British. I just talked to the Transport Minister of the United Kingdom on Monday and put on the table a methodology which could open dialogs again. There is not a matter, other than safety, that is at a higher priority right now at the Department than accomplishing a reasonable replacement of two carriers at Heathrow with two other carriers.

We are not asking for a great deal. We are asking to substitute two carriers for two carriers, something we would have a unilateral right to do with any other bilateral agreement but the one with the United Kingdom. The United Kingdom and their airlines have put an exorbitant price on that substitution. We are trying to go the extra mile recognizing what is at stake. But I cannot and will not give away something that just makes no sense for that.

I am cautiously optimistic that we can make some progress today and tomorrow. I think it is in everyone's best interest for that substitution to occur before March 9, which is the final date for loan repayment by Pan Am. Everybody is aware of how important this is. That message has been carried by President Bush to Prime Minister Major on down. And it continues to be carried forward.

I hope reason will set in here in the next couple of days. We will, obviously, keep you as the Senator from a State that employs, I think, the most Pan Am employees in this country, advised as to the negotiations.

I hope we never have to do it, because it would mean that Pan Am would have passed the 9th with negative cash flow, but we do have other methods to accomplish this substitution, if we absolutely have, to which would be much more complicated and much more combative, for lack of a better word, than the approach that we have taken.

But we are still looking to solve this through bilateral negotiations.

MASS TRANSIT AID FOR NEW YORK

Senator D'AMATO. I wish you good luck with that, Mr. Secretary. And I want to commend you for your efforts in this area. I think you have responded magnificently.

The other observation is the fact that if the package put forth as it relates to mass transit aid were to be implemented, the MTA for New York would suffer a loss of $103 million in operating assistance.

The city of Buffalo and its transit system, which has come through just horrible, horrible times, shutdowns, et cetera, and then finally a dedicated source of funds was put forth by the local board to meet its obligations, would lose $6 million. That may not seem like a lot, but when you have to make it up locally and the fare box revenues have been going up and ridership is going down, it just seems to me that this defeats some of our goals as it relates to moving large numbers of people in the most environmentally, most cost-effective manner.

So therein lays a difference that we are going to have. I hope we can get the Department of Transportation to move in the direction that would at least maintain current funding levels.

PREPARED STATEMENT

And I thank the chairman for his graciousness and the rest of the committee, as I do have another meeting. Before I leave, my friend, Senator Kasten, who regrettably had another commitment as well, has asked that I enter his statement for the record.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR KASTEN

Mr. Secretary, we are pleased to have you before us today to outline the Administration's Transportation Budget Request for fiscal year 1992. The request for $33.24 billion in appropriations and obligation limitations represents a 6.4-percent increase over the enacted level from last year.

A major element of the transportation budget over the next several months will be the reauthorization of the surface transportation programs. While we are at the end of the construction phase of the interstate system, I am heartened in some respects about the proposal for a system of nationally significant highways.

Those of us from states with relatively few interstate miles, but a fine system of non-interstate roads welcome this approach. I appreciate the cooperation that the

Department has exhibited in working with the State of Wisconsin on several matters, including the inclusion in our Interstate Cost Estimate of a project in the Milwaukee, the funds for which will greatly benefit our state. I look forward to working closely with you on this and other matters that are of importance to Wisconsin.

I was glad to see that the Administration, facing years of reality, has included funds for Amtrak in this year's budget request. Though I can understand the reasoning behind the request for $480 million, this amount reflects enactment of elements of the Amtrak legislative proposal which probably won't be enacted in time to do us any good. I favor many of those proposals, including the repeal of FELA which might save $20 million annually while treating employees just as any other industrial employee in this country. However, the funds requested are going to have to be increased by this committee by probably another $140 million.

I look forward to your testimony today, Mr. Secretary, and look forward to continuing our fine working relationship in the coming months.

MANAGEMENT OF ALLOCATED RESOURCES

Secretary SKINNER. Thank you, Senator D'Amato. And I know we will work very closely. You and I share the same view of the importance, especially in New York, but in particular the largest system in New York City. As you know, we are concerned about some of those issues and the way those projects have been managed in the past and how they are doing. You and I share that.

At your suggestion, we have begun the study that is so critical to make sure that the resources allocated to States and to cities like New York are properly managed and properly expended.

One of the problems, obviously, that the administration has in a program as large as we have for the Government, and it is not just New York, projects are implemented in a way that are not fiscally sound, that do not make a lot of sense. And that undercuts the credibility of the entire mass transit program on a nationwide basis.

We believe some of the things that we have suggested, both as part of the process of the last 2 years as well as surface transportation reauthorization will allow a better planning, design, and construction process by State and local governments that will restore the credibility that is necessary.

I think a lot of progress is being made along those lines and I appreciate your support in that regard.

Senator MIKULSKI. Mr. Chairman, I have to leave for another hearing. Would the chairman yield just for a comment, not for a series of questions?

Senator LAUTENBERG. A short comment.

PREPARED STATEMENT

Senator MIKULSKI. First of all, I ask unanimous consent that my statement be in the record as read.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR MIKULSKI

This is the Year of Transportation in the U.S. Congress. Congress' immediate job is to reauthorize federal transportation assistance for—at most—the next five years. But the fact is we will be setting a course for decades to come for America's transportation strategy, its energy self-sufficiency, and its economic security.

We are on the verge of a new millenium. There are only 3,228 days left until the year 2000. We must work now to get this country ready for the future. Transportation plays a huge role in that effort.

The United States must have in place an infrastructure that will support continued economic growth and expanding productivity. We need an improved transportation network to get people to the jobs of the future. A network that curbs our addiction to foreign oil and strengthens national security. And finally, a network that conserves our natural resources and is less harmful to our health and environment.

Recent events have proved that the United States has the world's most advanced military technology. We should have the world's best transportation system too.

President Bush and Secretary Skinner have spoken eloquently about the need to invest in transportation improvements. I give the Secretary credit. He's recognized the critical link between the nation's transportation network and its competitiveness and future growth. But despite these admirable goals, the Surface Transportation Reauthorization Plan submitted by the Administration to Congress fails to provide a framework for the future. It falls short in several fundamental ways:

1. *It puts too much of a burden on state and local governments.*—Whenever I travel around the State of Maryland, I hear one message loud and clear from local officials: "Put your money where your mandates are." Although federal dollars have become scarcer, Congress and the Administration haven't stopped coming up with new, exciting programs—we've just pushed the responsibility to pay for them off on the states and local governments. That's not fair.

The Administration's Surface Transportation proposal continues this trend. Because of its importance to the national economy, transportation has historically been, and should rightly remain, a national priority. But under the Administration's plan, federal shares for both highway and transit projects would be significantly reduced. Local matching requirements for highways would roughly double in fiscal year 1992 and increase 176 percent by fiscal year 1996. For public transportation, the local match would increase by about 50 percent.

This is going to be a real hardship at a time when state and local governments are already severely squeezed. For example, in Maryland, the state DOT estimates the Administration's proposal will mean a loss of more than $300 million in federal dollars over five years. Meanwhile, the Governor and the State Legislature are now considering a second increase in the state gasoline tax in four years—just to pay for existing road projects, not the new projects likely to be authorized in this bill.

2. *It neglects public transportation.*—This Senator likes highway improvements. I commute to work every day along the Baltimore-Washington Parkway, and I've worked successfully—thanks to Chairman Lautenberg—to secure federal dollars for roads and bridges in my State. But I know, too, that getting ready for the future means investing not only in highways, but also in transportation alternatives.

We need to reduce our dependence on foreign oil, which represents more than 40 percent of the U.S. trade deficit. We're required by law to bring our metropolitan areas into compliance with the Clean Air Act. And let me tell you, for the sake of our citizens' mental health, as well as their physical health, we need to reduce traffic congestion—fight gridlock—in our cities and the suburbs. For all these reasons and many more, we need to encourage public transportation. We need to get more people out of their single-occupancy cars and into carpools, vanpools, subways, trains, trolleys and buses.

But the Administration's proposal drastically reduces the federal commitment to public transportation. While increasing overall federal highway aid by almost 40 percent, it would keep federal transit aid stagnant. It would reduce the federal share of Section 9 mass transit formula funding from 80 percent to 60 percent. It would reduce funding for new rail starts while making state and local governments pay more for new starts—a minimum of 50 percent.

I'd like to see a more level playing field between highways and transit. If we're going to fund highway improvements at a federal share of between 75 and 90 percent, as the Administration proposes, we shouldn't fund mass transit with only 50 to 60 percent. That shows misplaced priorities, and a failure to plan for the future.

3. *It fails to provide a long-range plan to rebuild our nation's infrastructure.*—We all know there are roads, bridges and transit systems throughout this country that pose a serious threat to public safety. But we have no idea of just how big the problem is, or how much it will cost to address it. While the Surface Transportation bill proposes to spend $105.4 billion over five years, it doesn't tell us whether that is adequate to solve our maintenance and safety problems, or whether it is only a drop in the bucket. Even if we don't authorize all the funds now, we should be looking much further into the future than five years, and we should have a good estimate of just how big the problem is today.

Mr. Chairman, while we consider important policy questions in the course of the re-authorization debate, it is this appropriations subcommittee that will have to provide the hard dollars. I look forward to Secretary Skinner's testimony and appreci-

ate the opportunity to question him, not only on the policy debate over reauthorization, but also on the meat and potatoes of the 1992 budget.

RECOGNIZING U.S. COAST GUARD

Senator MIKULSKI. First of all, I thank you for all the help that you have given this metropolitan area in working to complete the Nation's subway and the cooperative way that you have worked with the State of Maryland and the Virginia Senators.

Also, know that I support your themes in the surface transportation bill. But, like my colleagues, I do have questions about the burden on State and local governments, the need for more mass transit, the need for rebuilding infrastructure and for cooperating with our energy policy. I look forward to more conversations with you. But I do want to thank you.

And also, that Coast Guard, it is one of the hidden little secrets out there in the gulf and you should feel very proud of the way they mobilized as a civilian agency to meet a wartime necessity.

So, Mr. Chairman, thank you very much.

Secretary SKINNER. Thank you very much, Senator. They have been there from day one. Because they are small, but mighty, they get lost in the overview.

Senator MIKULSKI. I know that feeling. [Laughter]

Secretary SKINNER. I never thought that you have gotten lost, though, Senator Mikulski.

CLEAN AIR ACT

Senator LAUTENBERG. All right, Mr. Secretary, what we try to do is give our members a chance to help you steel yourself against the barrage that is about to come.

Senator D'Amato made reference to the problems of New York City and the large cities. And you know that is a sticking point, certainly with me, in terms of defining those areas that need the most assistance. The larger cities are the ones that have the greatest costs associated with the new Federal requirements from the Americans With Disabilities Act and Clean Air legislation.

Has the Department estimated the costs to be incurred by these cities of more than 1 million in population in meeting the Federal regulations in either the capital or the operating areas?

Secretary SKINNER. Senator, let me say that for those urban areas over 1 million, operating assistance makes up about 5 percent of their operating expenses as compared to areas under 200,000 where operating assistance makes up as much as 24 percent. So while the impact may be significant, it is not as significant as for those smaller systems. And that is why we have made a distinction.

But getting to your question, based on everything we see as to what it is going to take to implement the Clear Air Act as well as the ADA, which you have expressed concerns to us on earlier, we believe those are a significant imposition. But on the other hand, we provided some additional funding. The number, exactly, I am trying to get it and divide it between that and the ADA.

The rulemaking is in progress, so we do not have those exact numbers. As soon as we get a feel for those numbers on Clean Air, we will share them with the committee. We are in the process of implementing the rule.

Senator **LAUTENBERG**. Just to give you an idea, New Jersey Transit, our principal commuter agency in the State, estimates it is going to face an annual increase of $36 million in operating costs and as much as $320 million in capital costs over the next 12 years in order to comply with the ADA mandate and the Clean Air requirements.

Did the Surface Transportation bill, as submitted by OMB, contain more funding or separate funding to help the local transit authorities comply with these requirements?

Secretary **SKINNER**. The bill calls for an increase of $600 million from 1992 over 1991 in the capital formula program, and this formula program is going to be the primary source to help meet the requirements of ADA and Clean Air. That is on a nationwide basis. We have made some adjustments and some revisions. We have not assumed all of that responsibility but continue to believe, as we have in other areas, that State and local governments should bear a share of that responsibility as well.

UMTA'S REQUEST

Senator **LAUTENBERG**. Secretary, just to be a little more precise in this, did the Department's request that was submitted to OMB contain more for UMTA? Can you give us any kind of indication as to what your initial requests were?

Secretary **SKINNER**. Yes; we requested $4 billion, and $3.3 billion is in the President's budget for UMTA. In the 1992 budget request, for the first time in 8 years there is an increase over the budget enacted the previous year. I think this shows support for mass transit. It did not move as far as we would have liked. This request, along with a number of others, was pared down by the Office of Management and Budget.

I would again remind the chairman that we did, however, do as well if not better than any domestic discretionary agency in this year's budget process.

Senator **LAUTENBERG**. It is in the eyes of the beholder, because we feel that we needed substantially more. You heard from Chairman Byrd as he recited the numbers of bridges that were deficient, the heavy use of these systems, the deterioration of equipment, et cetera. And again, the new burdens imposed by the Americans With Disabilities Act as well as the Clean Air Act, they place enormous financial burdens on these communities. And the people who use these systems are the people who can least afford to pay the increased fares that are going to result, and you know what the consequence of that is. We wind up with more people on the road.

I wanted to ask you a question about the allocation of funds based on the amount of fuel consumed. Now, initially at least that might help New Jersey, but our State—a State out of compliance with Federal air quality standards—if New Jersey took the money and used the funds for transit construction, HOV lanes, and other measures to reduce auto use and emissions, it would, in effect, be penalized for the success of such efforts by receiving less funds in the following years, because we would be reducing the consumption of motor fuels. Considering the strictures of the requirements of the new laws, is not that kind of counterproductive?

Secretary **Skinner**. Well, in our administration proposal, we have a number of things in the bill that we think deal with the problems of clean air and congestion—and also make some funds available. For instance, recognizing that some States may want to allocate more money into mass transit from the highway funds, 15 percent of what we call the NHP funds, that is the National Highway Program funds, could transfer into mass transit.

We have required, and allow for, flexibility in the urban rural funds for transit. We require congestion management systems, which will require a more regional planning approach, which we think is important, and coordination with the Clean Air Act.

We propose to use the State share of highway motor fuel use and its share of highway trust fund contributions in determining how to address many of the problems that we have to deal with. There are a number of ways that we could allocate this. We believe that the method we have come up with is as about as good as we can have. It is not, per se, vehicle miles traveled, but we think it is a good way to deal with many of the problems and many of the inequities.

Senator **Lautenberg**. Those additional opportunities are helpful, but it really sounds to me like it is pulling at both ends at the same time, because our mission, as the President announced the other day, is energy policy. I did not hear in there much talk about saving fuel. I did not hear any talk about slowing down and using less gasoline and requiring less imports, but certainly that ought to be a factor and if we respond by saving fuel, then there is still less of a return from the Federal Government based on the formulas that are being proposed.

AMTRAK BUDGET REQUEST

Mr. Secretary, when you look at your budget requests for Amtrak, there is a temptation to say, "Well, something is better than nothing." But is it? Last year, your FRA administrator told this committee that, if we enacted the President's request for zero operating assistance, Amtrak would have to shut down.

This year you are proposing a 48-percent cut in Amtrak's operating subsidy, and I am not sure that Amtrak could survive this policy either. You and I both know that Amtrak has been very well managed, that their ratio of fare to cost continues to increase—the yardstick by which the performance of any railroad or commuter line is measured. Your budget assumes that Amtrak can reduce its costs this coming year by $85 million through labor concessions. You expect Amtrak employees to accept cuts in compensation and benefits and changes in work rules.

And, Mr. Secretary, you know that Amtrak's employees have been working without a contract and have not even seen a pay COLA, cost of living adjustment, for almost 3 years. How do we keep these guys going?

AMTRAK STUDY

Secretary SKINNER. Senator, as you know, we asked the Battelle Institute to do an independent study of Amtrak to determine for ourselves the ability to reach self-sufficiency. We are comfortable that with the program Amtrak has in place, and the requests that they have pending before the Congress in some cases and before their unions in other cases will allow them to move in that direction, and we believe that our proposed subsidy which is substantially greater, as you know, from what we have submitted in previous years recognizes a movement toward self-sufficiency.

We believe that a number of the things that have been suggested by Amtrak including changes in FELA, are absolutely essential to self-sufficiency of Amtrak. As we focus on what we need for Amtrak, we also ought to focus on some of those changes. If many of those changes are made, given the volume of Amtrak traffic and given the capital that they are able to put into the system, along with some increases with traffic, we believe they are well under way.

But if we are going to keep 1920's methodology in the way we run this railroad, it is going to be very difficult, if not impossible, for them to reach self-sufficiency. So we have got to bring Amtrak from a work force, in a regulatory as well as a working environment, into the 21st century and we appreciate your support in that regard.

ADDITIONAL AMTRAK SAVINGS

Senator LAUTENBERG. Mr. Secretary, you have looked at their dilemma and you are, I am sure, aware of the negotiations that are going on with the union. Do you really believe that 85 million dollars' worth of concessions and work rules might be attained? There is obviously going to be a push by labor to take less of a hit. How do you see these forces being organized to come up with a result that would even come close to an $85 million reduction?

Secretary SKINNER. Senator, employees and companies have to work together as I have said on many occasions and if they do not work together, they go the way of Eastern Airlines. I had dinner the other night with an individual who I had not met before, who runs a small printing company of 330 employees and he is feeling the recession like everybody else. He told me his approach to discussing with his employees—opening up his books, showing them the real condition of the situation—and suggesting to them that they would not have the ability to get increases and that they would have to increase productivity if the company was really going to stay competitive in the printing industry.

I think the same thing is true. If in fact Amtrak is going to stay competitive, it has got to have competitive work rules. It has got to have competitive wage rates, competitive but fair health benefit programs as well as new, modern equipment. And if we were to accept the status quo and not identify savings that are realistic and achievable, we would in the long run be doing those employees great disservice. So I would hope everybody would step back and look at some of these issues. These are numbers that have been developed by Amtrak and verified by our independent consultant, and we stand behind them.

Senator LAUTENBERG. Amtrak told me that they thought that a new contract might cost—and this is with hard negotiation and cooperation by both sides—$35 million more than their present expense, not to save $85 million.

Now, Mr. Secretary, you were in the business world before you were here and so was I, and one example does not a case make. And with your friend and his employees, you do not know what kind of response they have had to wage needs in the last 3 years. I am not taking sides here. What I am trying to do is get us on a firm basis where we can say that we are going to be able to continue to provide service that is essential for our country to function.

Do you agree that railroads, an efficiently operated railroad, might be a better way to carry passengers than an airline on short distances?

Secretary SKINNER. No question that Amtrak, which I think carries about one-third of the passengers, has a very important role to play.

AMTRAK PRODUCTIVITY IMPROVEMENTS

Senator LAUTENBERG. Look at the Northeast corridor, which we will discuss in a couple of minutes. You know what the impact would be there if Amtrak, in fact, had to shut down or curtail its service.

Secretary SKINNER. At the same time they have got to remain competitive with the airlines. The railroads have made tremendous strides as has Amtrak, in moving toward more realistic work rules and wage rates. The emergency board process will eventually determine what those rates are going to be.

But there is a lot of work that can be done to improve productivity without compromising many of the basic standards of a good job at a good rate with fair time. And we have got to keep pushing in that direction.

Senator LAUTENBERG. If Amtrak solved some of the problems that you describe as labor problems, they would still be pitifully short of the kinds of capital investments they need to bring that railroad into the 21st century, using your reference.

And it is not enough for us to simply deal with the operating subsidy without addressing capital needs. And again, you know from your previous experience, that if you put the appropriate capital into the system you can make people more productive. You have a chance to make the system more efficient. So I do not see you making a commitment in your request to help Amtrak make that transition into a more mechanized, more automated, better, faster system.

IMPACT OF COST INCREASES FOR COMMUTER LINES ON NEC

Your budget also claims that Amtrak can move some of its costs on to the States for the commuter lines that run over the Northeast corridor. Well I can tell you that New Jersey Transit believes that it would cost them an extra $20 million annually if that took effect.

The same misguided logic is applied to a very troubled system—that is the SEPTA system in Philadelphia. SEPTA is 6 months behind in its payments to Amtrak for running over the corridor.

Now, are SEPTA or New Jersey Transit, which has increased its fares significantly, are they in a position to have their costs doubled, which is the prospect? If your plan went into effect, what do you think might happen to these systems?

Secretary **SKINNER**. The Philadelphia system, as you and I discussed at the end of last year, does not have a dedicated State subsidy income stream, which they should have, as most big systems do. We have, for the last several years, been trying to get the State administration in Harrisburg to recognize that—unsuccessfully I might add. And the problems that SEPTA is having can be laid directly at the doorsteps of the State administration, in my opinion, in Harrisburg.

I think that view is shared by a number of people in both the Republican and Democratic parties. It is not a political issue because there is a legislature as well as a Governor that have to be involved. But they have to step up to the plate.

Senator **LAUTENBERG**. Well, we tried to solve that problem as we closed down the last Congress, as you may have been aware, and there was blood spilled on the floor of the Senate. It did not reach all the way to Harrisburg, however.

There is SEPTA with a system terribly deficient, functionally inadequate in terms of its capital structure and teetering on the brink. And for the Federal Government to propose that we are going to charge them substantially more to operate their system just cannot wash.

I am going to call on my colleague who is not a member of the subcommittee, but who is a member of the full committee. And interestingly enough, Mr. Secretary, I know that you recognize that Senator Brock Adams is a former Secretary of Transportation who decided to come over here where life is so much easier.

Although Brock Adams is not a member of the subcommittee, he is a very significant, helpful, and positive presence on transportation issues and he is a strong advocate for transportation programs in Washington State.

HOV DEVELOPMENT IN SEATTLE

Now last year, this subcommittee included $4 million for HOV development on the I–5 corridor around Seattle. We were not able to include these funds in previous years' bill, but as a result of Brock Adams' persistence and persuasiveness, the subcommittee added these funds to last year's appropriation measure.

I expect that we will see him over the next year asking for additional assistance for this and other projects important to the State of Washington. So, Brock, thanks for your participation and interest and we welcome your appearance at today's hearing.

STATEMENT OF HON. BROCK ADAMS, U.S. SENATOR FROM WASHINGTON

Senator **ADAMS**. Thank you, Mr. Chairman, and I particularly want to thank you for the assistance you gave to us in funding the HOV lanes in the I–5 corridor. And I also want to thank you, Mr.

Secretary, for assisting the State of Washington by helping us secure emergency funds for the I–90 bridge which sank during the terrible flooding last November. For that, the people of my State are grateful.

I am very pleased that Chairman Lautenberg mentioned the HOV lanes. I want to spend a moment to suggest an idea concerning their expanded use which I am trying to accomplish.

Along the I–5 corridor the interstate system runs right through the middle of several of our major cities. We did not bypass our major cities as was done in many parts of the country.

This highway now, because it takes both local traffic and interstate traffic, is absolutely jammed. It is also the place where the major east/west highway, I–90 meets. So we have a spaghetti of highways all over.

I would like to use the HOV lanes to start to develop a system whereby we might put permanent bus-on-freeway in an unrestricted lane. Last year, I added money for HOV lanes on the I–5 corridor south of Seattle to help reduce some of the bottlenecks around the Boeing Co. This year, I will be trying to go to the north to break bottlenecks there.

As you know, I–5 now receives 90/10 money. I wanted to know whether it is possible, if bus-on-freeway on the HOV lane is part of an integrated system on that part of the freeway which goes right through the middle of the city, could it be eligible for 90/10 money and thus receive the same treatment as the total freeway system. For if it were only eligible for 60/40 money that would just prevent us from going further with the project.

And I am very grateful to the chairman for the assistance we received last year. We in Washington State are trying to break the congestion along I–5. Yesterday we sent down the speaker of our House of Representatives from the State of Washington to meet with your Department about these transportation issues. And we are faced in our State with no growth initiatives. These initiatives are designed to prohibit more building and construction—and the effort behind them are all tied to the transportation problem.

So, this HOV lane project is just part of an integrated approach to our transportation problems. We also seek to use the bus tunnel system more efficiently there. Is there any possibility of doing that?

Secretary SKINNER. I do not have the exact information, but let me tell you we share your concept that HOV lanes are one of the ways that we can deal with the congestion problems, and in the new bill we encourage HOV lanes and treat them—and toll roads—as different than we do regular new construction. I will have to ask somebody—I did not get an update on the meeting yet.

Senator ADAMS. That will be fine. I do not want to take your time here. I just wanted to bring it up with you so you understood that what we were doing is part of a total concept.

The second part goes to what the Secretary mentioned about Amtrak. We are attempting also—as one of the first steps in moving toward a solution to the highway gridlock problem. We are trying to get either Amtrak or a local train to restore high-speed commuter traffic.

I would like to just start with a train a day from Tacoma into Seattle and from Seattle up to Everett, to start putting people on these trains instead of cars as part of an experimental process. If people do not ride the trains, we will take them off. But at least trains would be one alternative to car traffic and the congestion it now causes.

MAGLEV DEVELOPMENT

The third part concerns maglev, which with the help of our chairman, we got $500,000 for last year. I hope you will support, as you did last year, our effort to expand on the program in the future. I want you to know how important high-speed rail/maglev is, not only to our State but to States like New Jersey and the Northeast corridor.

We are trying to tie maglev and other systems to reducing our airport as well as our highway congestion. Some 120 flights a day come into the Seattle Airport from Portland. That's 25 percent of our airport capacity. Yet it's within reach of a high-speed train. I am hopeful that your Department—and we would like to send our people there, as I am certain the chairman would—to see if we cannot develop either maglev or a French high-speed train as an alternative to air traffic.

If we could start one of these systems at least on an experimental basis in the United States rail might get the glamour back to moving large numbers of people quickly with a system that is inexpensive, energy efficient, and gets people off the highway.

Secretary SKINNER. We will certainly work with you on that, Senator, and of course we are looking at various alternatives. I have been trying to encourage high-speed rail. We have not taken a position on any of the technologies.

Senator ADAMS. I understand they collapsed in a couple of places, that they had sort of pulled back from their maglev concept, and I wanted you to know that we had not, so we are still very much interested in this and have the geographic-type situation that it fits, just like the Northeast corridor fits.

Secretary SKINNER. I appreciate your comments.

INTEGRATED FERRY SYSTEM

Senator ADAMS. The final question concerns an issue that goes back to the time before both you and I were in transportation. That is, in Washington State we have an integrated ferry system which has gotten UMTA section 9 grants to go from one urban city to another.

The problem we are having is that the ferries all go to various places, some urban, some are not. They are part of the highway system because you cannot get to Bremerton unless you use the ferry. The same problem applies to Paulsville. Some of these ferries, however, go to the other islands. Some may stop at the San Juans on the way back, because we do not have that many ferries.

I would like to discuss with your Department the possibility of taking the ferries as an integrated system and using section 9 UMTA grants without having to try to pull one ferry off one route and put one ferry on another. The Washington Department of Transportation has asked that I raise this matter with you.

Secretary SKINNER. I appreciate that.

HIGHWAY TRUST FUND—OBLIGATIONAL AUTHORITY

Senator ADAMS. The final thing, Mr. Secretary—and I will stop, Mr. Chairman, because I know and have great confidence in you that you have done what we did last year, which was to raise the obligational authority.

Those who work like the chairman and yourself with the highway trust fund and the reauthorization understand that OMB can stop your projects and keep money in the trust fund by keeping the obligational level low. In other words, you cannot spend money that has not been obligated.

It is my understanding that 2 years ago we raised the obligational authority up so that it is close to the total amount of money that is available in the fund. That is how I read your statement, and if that is so, I compliment you. If it is not, then some of us are going to come after you on it.

Secretary SKINNER. We have made progress in that regard and we continue to do so. Obviously, as you ramp up on obligations, spend-out, as you know, takes awhile.

Senator ADAMS. I understand that, but if the obligational authority is there, I want to make sure that the trust fund is not being used as a deficit offset but used for transportation purposes as it was intended. This is going to become a major item of contention when that bill comes on the floor. I just want to be sure that we are in lockstep on this matter.

Secretary SKINNER. We are spending this year more than the taxes that are collected.

Senator ADAMS. That is the way it should be done, because the taxes come in and it all fits.

Thank you, Mr. Chairman. You were most kind to allow me to take time in your subcommittee. I know you have limited time, and therefore I am deeply appreciative.

Senator LAUTENBERG. I am delighted to have you here, and know full well that when I request a time on the District of Columbia Subcommittee that you will allow it for me, and I look forward to getting a return on that.

Thank you very much.

Senator ADAMS. I will invite you first thing.

Senator LAUTENBERG. That is all right. I will submit my request in writing. [Laughter.]

NORTHEAST CORRIDOR ELECTRIFICATION

Mr. Secretary, I want to get back to one of the things that we heard from Senator Adams. I find that there is widespread interest in railroading throughout the Senate here, and various Senators have asked me how to best proceed in getting their States considered for maglev projects that would create a rail link between cities that have before not had them. There is enormous opportunity for such demonstration projects out there, especially in these shorter distances.

We have started the electrification process in the Northeast corridor. They are, I believe, getting the first RFP's out there on signals and the electronic installation necessary to accompany the electrification program. I am told that that program, when completed, will knock 2 hours off just the Boston to New York leg, and that is a major, major change.

That section of the corridor winds its way down from Boston along the pretty coastline, but that is not what people are looking for in railroads. If they want a scenic railroad ride they go out and ride some of the western trains.

But one of the areas where we see real opportunity to ramp up the service, the speed, the quality of the ride, is in the Northeast corridor, and one area where your requests are consistent in asking for zero funds is for Northeast corridor improvement.

Now, Amtrak, as you know, owns the corridor and must invest tens of millions of dollars every year to maintain it. Now, just to clear the record, I think it is important to ask, does your request for that 48-percent cut in operating assistance and zero funding for NECIP assume that there are adequate funds within Amtrak to finance the corridor's ongoing maintenance?

Secretary SKINNER. I am going to ask Assistant Secretary Moore to answer that question.

Ms. MOORE. Our proposal features $150 million for capital investment to be spent at the direction of the Amtrak management. We have not specifically earmarked those capital funds for electrification. Furthermore, we are working on a study to look at the Northeast corridor as a whole for the development of an integrated, strategic approach to the sequencing of capital funding in that corridor.

Senator LAUTENBERG. What I see here, as we compare last year's funding to this year's request, is a cut of $179 million of funding earmarked for Northeast corridor improvements, so you may be providing some capital funds, but they are substantially less than we had last year for use on the railroad, and that does not answer the question of NECIP funding at all.

That does not get us a much-needed contribution to better air quality, or a reduction in the demand for aviation.

The Secretary and I have a fondness for aviation. He is a pilot, I am a good passenger, but the fact is that we know that the aviation system in this country, in order to do the best job that it can, should be concentrating its services on longer distance flights, instead of short hops. I have spoken to several CEO's of different airline companies, and I would say, though it's not unanimous, that a majority of those people feel that airline service is not the way to solve passenger problems on runs of 250 miles or less.

So here we have a chance of a lifetime to enter the 21st century, in step with the requirements of energy saving, pollution reduction, and the convenience opening up those airlanes to more service for the rest of the country.

We are in the process of building a major new airport. There are others being requested. That is exciting. I think we ought to try to fit these new airports in. One way to do it is not by simply adding more highways, but rather by getting these NECIP improvements complete.

What did you ask of OMB, Mr. Secretary, for NECIP?

Secretary SKINNER. I am not so sure either one of us have that number.

We did not earmark any money for the Northeast corridor. We asked for, I forget what we asked for in capital versus——

We are getting this number for you right now.

We share your belief that an improvement should be made in capital in the Amtrak system as a whole. We have a substantial amount of money in there. It is not as great as some would like it. The highway numbers are not as great as some would like it. The mass transit numbers are not as high as some might like it. Again, I would repeat that in a tight budget year we did better in competing for the domestic discretionary account moneys than anybody else. It really palls by comparison.

I must say, our army and military did a terrific job in the desert, but every time they fired 5 million dollars' worth of rockets on a truck, I think of what that would have done for a bridge. I do not mean the rockets to the bridge, I meant the money into the infrastructure.

It is a matter of priorities and we just have to continue to fight for increased funding and investment in infrastructure. It is a concept that the President shares, it is subject to the degree of funding available to do it. I wish we had an unlimited amount of funding.

Senator LAUTENBERG. To paraphrase and slightly alter the old expression, we need both guns and butter. The money spent in the Desert Shield/Desert Storm campaign will reap benefits that endure way beyond this conflict and the immediate aftermath. And so it will be with infrastructure investments at some point.

I ask you to draw on your previous experience, both having been in the business world and serving as the chairman of a transportation authority. You know very well that at some point you have to get ahead of the curve and have that money being invested, so that 20 years from now, when you are still Secretary and I am still a U.S. Senator, we will be able to look back with satisfaction on what we have accomplished.

Secretary SKINNER. The latter is more likely than the former.

Senator LAUTENBERG. We have other powers at work.

Secretary SKINNER. If I might, I would like to correct one thing you said. I am a good pilot and you are a good passenger, rather than a pilot and a passenger.

NECIP TASK FORCE

Senator LAUTENBERG. You have a task force that is looking at the Northeast Corridor Improvement Program. What are they going to be looking at? When might we expect some report back or some decision?

Secretary SKINNER. We have three studies going on which I think demonstrate our concern, not only for the Northeast corridor, but for rail in general. One is our Amtrak self-sufficiency study. No. 2 is our study of the Northeast corridor and what we can do. And No. 3 is our joint project with the Corps of Engineers on high-speed rail with emphasis on magnetic levitation.

The consultant is completing the first phase of the Northeast corridor study, data collection, and I hope by the end of the summer, it says here midsummer, that the study will be completed and we can be in a position to make priorities and final decisions at Amtrak.

I had the opportunity to travel the corridor from Washington to New York recently with Mr. Claytor and his chief operating people. I am familiar with a lot of the improvements that have been made. I shortly will be taking the trip up to Boston from New York. I am hopeful that I will be able to get a first-hand feel for that as well.

Senator LAUTENBERG. I am just curious, as an aside, did you ride in the engineer's cabin on your ride?

Secretary SKINNER. No; I did not.

COMPETITION IN THE NORTHEAST

Senator LAUTENBERG. That is much more frightening than flying, I've got to tell you. It looks like those tunnels do not fit as you approach them.

Mr. Secretary, Logan Airport, one of the most congested in the country, estimates that one out of five people flying out of there are going to New York City. As we look at that, another 20 percent are making connections in New York.

So why is the FAA looking at expanding airports in Boston, Rhode Island, New Hampshire without considering the cost ramifications of the new airport in the Boston area, versus utilizing high-speed rail?

I do not know whether you have any estimates on the general parameters of what it might cost to put a new airport in the Boston area, but I have had discussions with Mr. Claytor, and we can buy enormous advantage in the Northeast corridor, again the segment between Boston and New York, at relatively modest numbers.

Do you have any idea what it might cost to put a new airport in in the Boston area?

Secretary SKINNER. A lot of it depends on whether we have a joint use facility or use a facility that already exists. There are several sites being looked at and we are not anywhere close to that point. The numbers that I have heard for upgrading the Northeast corridor for high-speed capabilities exceeded $1 billion.

Senator LAUTENBERG. That $1 billion is, while not an optimum, certainly at the high end of the improvement cycle.

I am told, and I am sure you heard the same thing, that if they spent $1 billion, hardly an insignificant sum, the benefits could be enormous and reduce that leg, I believe, to less than 2 hours.

If that is the case, it means good-bye airports; it means good-bye parking at airports; it means good-bye to holding your breath at the weather—if we can get this leg down to 2 hours, which we believe can be done with a relatively modest investment. Again, I say relatively because of the return on the investment on simple things like good tilt technology. I'm not getting into the esoteric stuff like maglev, but rather just take advantage of what we have already got by way of infrastructure.

So when you compare those to the cost of an airport, the Denver Airport, including the lands acquired, what is it going to cost to do that? Airports are very expensive, as are any additions you make to airports. Philadelphia needs help in expanding its airport.

Secretary SKINNER. I think that rail offers a balance and we are in the process of studying this; we will know this summer a little bit better.

Senator LAUTENBERG. You have met Ed Colodny. He is the chairman of U.S. Air, I guess, and the combined operation. He stated his view that it would be in the long-term interest of the aviation industry for the airlines to let Amtrak take over the short-haul business.

Do you share that view?

Secretary SKINNER. I do not think there is any question that we have relieved substantially the load on the aviation system by what we have done in the Northeast corridor from Washington up to New York City.

I think if we can get it down from 5 hours to 3 hours on the New York/Boston leg, we would do a lot of the same thing.

I do not think there is any question that those links and those 200- to 250-mile links have tremendous opportunities, where we have existing right of ways and existing track. It has got to be competitive from a cost structure with aviation in a free market.

Senator LAUTENBERG. Do you think they are competitive?

Secretary SKINNER. Right now the shuttle is pretty expensive.

Senator LAUTENBERG. Outrageously expensive, I think. I mean, it is a 250-mile flight and you are paying something like $0.6 a mile. It is incredible.

Secretary SKINNER. What is it now, $130 each way?

Senator LAUTENBERG. $150, $149, it is $152. It is going up by the minute as we make our case.

Secretary SKINNER. Obviously, Amtrak has been able to rise up behind that and is a very formidable competitor to the shuttle right now. It is about $80, I think, $85.

Senator LAUTENBERG. $79. It seems to me that the evidence is there. I wish we could do the kind of simulation that is available. You know something about computers, Mr. Secretary. The Secretary was with IBM, and I was in the computer business.

If we can do a simulation as to what these respective capital investments might return, I think it would be really helpful and may even take away some of the pressure in this debate that we have. I know that you share my view about the value of high-speed rail. If we could make the case better I think it would help us a lot.

AVIATION SECURITY

One of the things that you and I spent some time with was aviation security. You have had a problem with the requirement for foreign airlines to comply with our security requirements on flights to and from our shores. The reason you objected, as stated before, was the question of national sovereignty and different threat levels.

Given the terrorist threat, and I do not think anyone feels that the threat of terrorism has declined with the cease fire. As a matter of fact, it is very likely that that might be the next step in the radical attempts to damage the free world.

Given those threats, do you still stand by your view that we shouldn't require the same tough procedures of foreign airlines carrying Americans that we do with our own?

Secretary SKINNER. We are complying, to the letter, with the Security Improvement Act of 1990, which you are so involved in. We think our final rule will be out by May 15. The rule is now pending for comment. Comments are due to the FAA by March 6. We are basically on schedule. It does not require the exact level, but it requires a similar level as required by the statute. And we are comfortable—as a result of what we have done over the last year with the elevation and appointment of Admiral Robbins, who you know, and the selection of General Steel as the Director of Aviation, the associate administrator of aviation security at the FAA—that we, No. 1, have as high a level of security that we have ever had, both domestic and foreign, in foreign airports.

No. 2, we are getting very close to a level playing field in many of those airports and that while the airlines may not have the identical system, they will have one of similar protection.

Senator LAUTENBERG. I believe that you only felt constrained by the issues of sovereignty and international agreements, but I do not think I have to tell you, Mr. Secretary, that it is a terrible economic disadvantage to our airlines, and that it also creates an area of risk that has to be dealt with. The fact is that people are as safe flying in an American carrier today as they can be on anybody's airline.

Secretary SKINNER. I hope, now that the cease fire has occurred, they will return to aviation. But I do feel that and I think we have made tremendous progress and I must say the airlines really have not expressed a concern of not being at a level playing field. I have not heard one airline mention it recently.

Senator LAUTENBERG. I do not know whether they are as busy flying from foreign airports as they are from America, but I have heard our airlines complain bitterly about the lack of first class and business class passengers, the higher paying passenger. It is a big problem for everyone who feels that the other guys are getting that business more than we are, because we have an involved system of security clearance. And the passengers who can pay the higher freight apparently feel they would rather not get involved in these time-consuming securities checks. So it is I think a problem.

But in any event that is not the primary reason. The primary reason is the security of the passengers.

Secretary SKINNER. Right.

FOREIGN CARRIER SECURITY COST

Senator LAUTENBERG. FAA has estimated that it would cost foreign carriers $51,000 a year per carrier to comply with U.S. rules. That is not a lot of money and I cannot imagine, can you, that that would be the cause of retaliation by foreign governments?

Secretary SKINNER. We will have a new rule out by May 15. It will be a rule that requires similar security—and we are convinced that we will make great progress, Senator.

Senator LAUTENBERG. The level for procedures are, in effect, working well?

Secretary SKINNER. They are working well. They are having a significant economic impact on airports. By securing the concession in restaurant areas that are behind the screening points, isolating them from nontraveling passengers, we have seen two things happen.

No. 1, the revenues to the airports from the concessions have dropped off. No. 2, the revenues from the parking have dropped off, because now people are literally dropping handlers at the front door rather than going in with them. There is increased pressure from airlines to relax at some new airports that are being designed, to have those areas in front of the screening point rather than behind. But level 4 has basically gone well. The airports have accepted it, and as the year goes on, we will have to decide what adjustments need to be made.

Senator LAUTENBERG. Now, I want to compliment your people. I have spoken to Admiral Busey and the other people and I think the FAA moved posthaste to get these security measures into place. They are inconvenient. Unfortunately, terrorism has won significantly in the world, because it has slowed down the processes, has cost a lot of money. It has made it very inconvenient for lots of passengers. The elderly person who has to be dropped off at the curb and then work out a way to get them through and down to the gate and the baggage handling. It is cumbersome but it is a way that we fight back. And hopefully, we will be able to have the world come to its senses.

FAA COST OF WAR

What kind of unplanned costs did FAA run into because of the war? Do you have anything?

Secretary SKINNER. I do not have a number on that. They, to their credit, have attempted to assimilate that within their regular budget by making some adjustments. Fuel and overtime have been a cost which they have had to absorb.

Senator LAUTENBERG. Do you expect them to be looking for a supplemental?

Secretary SKINNER. I do not think so, not in this year's budget.

AVIATION NOISE

Senator LAUTENBERG. I want to talk about something that will be music to your ears, Mr. Secretary, aviation noise.

In the Aviation Noise and Capacity Act, FAA was directed to prepare an environmental impact statement regarding airport noise in the State of New Jersey. The law directs that the EIS, the Environmental Impact Statement, be prepared by May 1991. The FAA is now saying that is going to be delayed for a full year.

That is really not acceptable. The people have been suffering for years. It is one of the areas of most complaint by residents of communities and they cannot wait a year before seeing some results. Can you give us some assurance that the EIS is going to be prepared as quickly as possible? What can we do about shortcutting that expected timeframe?

Secretary SKINNER. Senator, unfortunately whether it is an EIS for aviation noise in New Jersey or an EIS for an airport in Denver, CO, it is a very long and elaborate process, as I know you know. The whole process without any delays takes 215 working days. We are doing everything we can to expedite it. We hope a draft EIS will be at EPA as early as October.

We want to do it right. It is a complex EIS. We want to do it in the correct way. We are expediting it whenever we can and we will keep you advised on the progress. I am sure the people of New

Jersey want it quickly, but they also want it done right and that is the balance we are going to draw.

Senator LAUTENBERG. We want it done right, but I will tell you relief from the onslaught from the noise pollution is needed. It reduces the quality of life substantially. Is there anything that FAA can do on an interim basis to help us get some relief? The Airport Noise and Capacity Act of 1990 calls for phasing out stage II aircraft by the year 2000 and requires DOT to develop a compliance schedule for monitoring progress.

In connection with my earlier question, what is there that we can do on some kind of an interim basis to continue to reduce the noise factor? What progress have we made with any of our programs to make it easier to live in these areas?

Secretary SKINNER. We are working with the military and discussing a possible use of some of the military areas off the coast which might help a bit or even a lot. It is a difficult area. I fly in that area all the time and I see the procedures that we have used. I know the FAA has gone to very elaborate procedures already to protect the area. The problem is we have three major airports and a number of secondary airports in that area.

The best thing we can do to deal with the problem is to move quickly in the implementation of stage III aircraft. That will help substantially. At the same time we are looking for better ways. As you know the east coast plan was an attempt to deal with that problem. It shifts from one area to another. As soon as you make any adjustments—wherever that adjustment is made—we hear from that area.

STAGE III AIRCRAFT

Senator LAUTENBERG. Is there a problem that is posed by having stage III aircraft more available in connection with size of aircraft, passenger load capacity, for these short-haul flights that we talked about earlier? Because if it is a problem, it once again makes the case for better rail service.

I wonder whether the typical airplane that has stage III engines would be a larger sized aircraft?

Secretary SKINNER. All the new aircraft, including the smaller turbojet aircraft, coming off the line are stage III. As that aircraft moves into that market they will be quieter.

There are new hush kits being developed for such planes. I was with the people yesterday from Airborne, who have developed one for the DC–9/10 series and they are working on one for the 30 and 40 series. I think we will see a movement toward quieter aircraft. Of course, the turbo props and the smaller business jets do not really create the noise problems that many of the bigger jets do.

It is really the bigger, older aircraft that, over the last year, have been phasing out. Airlines have begun to look at the number of aircraft that they need and have begun, on their own, for business reasons to phase out their noisier, less fuel-efficient aircraft.

Senator LAUTENBERG. More revenues per seat, which means bigger aircraft, typically.

Secretary SKINNER. Most of the bigger airlines are back filling with the new stage III aircraft.

Senator LAUTENBERG. Under the Airport Noise Capacity Act, local airport operators retain the authority to impose noise restrictions related to stage II and stage III, but with the approval of the FAA. Do you agree that the locals retain their ability to impose noise restrictions?

Secretary SKINNER. No. 1, the act requires them before they promulgate stage II restrictions to have public notification in advance of doing so, and that stage III will require approval by the Federal Government. We have asked a number of airports, as they move forward with their stage II plans, during this period when we are developing a new rule, to take this role into consideration. I think in most cases they have agreed to work with us as we move forward.

Senator LAUTENBERG. You said "notify FAA." Does that preserve the veto right for FAA if there are noise restrictions developed that affect the volume of airplane traffic or patterns coming in and out of the airport?

Secretary SKINNER. They have to go through a public process before they adopt a stage II plan. We reserve the same rights we have always had to litigate. That has always been the procedure. It would make sense, given that we are in a very accelerated rulemaking process, that airports that want to move forward in this direction work very closely with the Department and the FAA so they are not inconsistent with the rule that is going to be published late this spring. I think most of them are doing that, including the New York, New Jersey Port Authority.

ENVIRONMENTAL IMPACT STATEMENT DELAY

Senator LAUTENBERG. The environmental impact statement delay, of course, is going to affect the ability to deal with these problems. Will DOT serve as the arbitrator between the airports and airlines who cannot reach an agreement on the noisy plane phaseout schedule? Is that a role that you see DOT taking?

Secretary SKINNER. We will have phaseout schedules as the new rule comes out. We obviously listen to the aviation community, which are our customers. If they have got a legitimate complaint that a noise plan is arbitrary, capricious, and abuse of discretion, we are going to litigate to the degree we are allowed to under the law.

That is not our preferred course of action. Our preferred course of action is to work it out. I must say, since the new legislation passed, many airports can now point to something that says relief is on the way.

It is a logical approach that the Congress of the United States has approved. It has alleviated some of the pressure that was coming from the environmental groups, who said nothing is being done. Now everybody can point to something being done, and I think that has put a lot more reason into the process nationwide.

Senator LAUTENBERG. Are you going to join me at the next town meeting in Cranford, NJ, and tell them why it is that things are happening and that the schedule is being developed, et cetera? I think we would enjoy that.

Secretary SKINNER. I am not adverse to that, depending on scheduling. One of the problems is that there is a lot of misunderstanding on noise, We have got to get the message out, and that is as much of a problem as any.

Senator LAUTENBERG. If it sounds like noise and feels like noise, it has got to be noise. Mr. Secretary, you are concerned about the competition, you said, within the airline industry, and yet it seems like we have conceded to the consolidation. You have also said that vigorous antitrust enforcement will ensure the remaining airlines will be truly competitive and that consumers are not going to suffer.

Well, given the history of the hands-off approach of the Government to the airline industry in the last decade, where would the vigorous enforcement come from? Antitrust law? Would that be the Justice Department?

Secretary SKINNER. The Justice Department has taken what I think is a very positive attitude in looking at each of these transactions on its own merits. Since they took responsibility for enforcement, we have a very close working relationship with the Justice Department on matters that are under their domain as well as matters that are under ours.

We recently had a group of airline analysts—economists and people from academia, probably the leading people in the country—and we invited members of the Justice Department over as well as our people to listen. We found that it was very helpful.

We advised the Justice Department on the decision they ultimately made on who should get the gates at Washington National Airport. We are discussing with them our decisions on the transfer of the routes out of the United Kingdom. They have independent authority, but we consult with them early on.

We were actively involved earlier, when there was no failing company doctrine involved, in the allocation of the Eastern gates at Philadelphia. I think we have a balanced approach. It is far from a hands-off approach. But it does not get into what I call a mix-into-everything, whether you need to or not, approach.

Senator LAUTENBERG. Are there any specific steps that you could point to that you would say protect the consumers from monopolistic practice?

Secretary SKINNER. One is the Justice Department decision, after consulting with us, to suggest to the Bankruptcy Court that the 60-some gates at Washington National and slots should go to Northwest, which has no major presence there, versus United which has a presence there and at Washington Dulles. That will introduce a new competitor to take the place of Eastern in the Northeast corridor. That was a result of an active discussion and involvement by Justice, Transportation, and this administration.

Northwest was not the highest bidder. They eventually changed their bid to match the one of United. United was the highest bidder. United was the one that the judge was going to approve until Justice and DOT intervened.

Senator LAUTENBERG. Is there a process available that would examine various airports and routes for any violation of antitrust factors that might affect fares, et cetera? Is there a periodic review within your Department that says, these fares are outlandish for this trip because there is only one carrier, or there are too few carriers?

Secretary SKINNER. We did our competition study last year that looked at fares at various airports, big and small; one-, two-, and three-airline airports. We identified some problems in particular areas, but generally we found there was a healthy amount of competition. Most of the country was well-served. There was some concentration, and we have been trying to alleviate those competition problems.

HIGHER AIRLINE FARES

Senator LAUTENBERG. All of us have seen the problem with long distance fares at a substantially lower per mile rate than short hauls, where there are only one or two operators for a lot of traffic. This is a matter of concern to people from New Jersey or people who travel from Newark down to Washington, because there have been constantly increasing fares there, and they are now up, as I indicated before, in the $150 range. Now, there are lots of places around the country you can fly to for $150, so I would urge you to continue to take a look at that.

Secretary SKINNER. Senator, let me make an observation. No airline last quarter, or the first 2 months of this year, covered their operating costs let alone return on equity and debt service. Fares are going to go up, because they are going to have to cover their operating costs.

Senator LAUTENBERG. He who borrows too much pays through the nose.

Secretary SKINNER. But in this case, it has gotten so bad—let alone debt service on major debentures—many of them are now defaulting on their leases and cannot even cover their operating costs. Fares are going to rise as a general rule because no business can survive, as you know, if it does not cover its operating costs.

Senator LAUTENBERG. Again, the better we make the conditions under which we operate, the better served will be the public. I do not want to do the refrain again, but I think if we got the aviation industry out of short haul business wherever possible, I tell you, it would make it a much healthier industry, I think.

Secretary SKINNER. We have a very vigorous program to do that. It may not be as vigorous and quick as you and some members of the committee would like. We have not left out the Northeast corridor. In particular, we have not left out rail as an alternative to air, and we are encouraging the investment of money well spent into that. We are asking in return that if Amtrak is going to provide competitive service, with a competitive work force with competitive work rules and with cost-effective systems—and they have made great progress in that direction—there is still a ways to go.

Senator LAUTENBERG. We heard that message. I would also say to you, Mr. Secretary, that the aviation industry has to have as its basis for improved productivity and efficiency constant investments in the aviation infrastructure—airports, all-weather service, et cetera, so we are now agreed on two parts of the infrastructure requirements. Now all we have to do is get to the third one, which is highways, and we will not keep you here today to discuss that. We will submit our questions for you.

We have some questions requested by Senator Burdick which we will submit to you in writing concerning commuter slots at O'Hare, and we would ask that you respond to him. We have many other things that we would like to get answers on, including questions about trucks and—I almost was going to bring in a movie from the California Department of Transportation on triples, whatever they call them, that I hope you will be looking at.

COMMERCIAL VEHICLE RADAR DETECTORS

Mr. Secretary, we are also very concerned about the use of radar detectors by commercial vehicles. You stated last year that you expected to review a notice of proposed rulemaking shortly and so far nothing has happened. Do you have a fix on that?

Secretary SKINNER. No; they are still working on it. It is somewhat controversial, but I hope by late spring we will deal with it.

AIRLINE SMOKING BAN

Senator LAUTENBERG. I hope so. I know that the airline smoking ban has worked very well, by the salutes I get when I get in an airliner, and I hope one day that we can get the international flights to conform. Do you think we can make any progress there?

Secretary SKINNER. It is difficult. Even though the amount of smoking in this country is on its way down, the amount of smoking in Europe in particular and the Pacific Rim is on its way up. The growth markets for the cigarette business is in Europe and the Pacific Rim, so it is going to be harder.

Senator LAUTENBERG. But it is a pleasure to fly now without smoke in the air.

65-MILE-AN-HOUR SPEED LIMIT

One last thing, Mr. Secretary. Your most recent report on the impact of raising the maximum speed limit makes it very clear that 65 miles an hour is killing more and more people. We now have 3 complete years of data on the impact of 65, and the findings are horrifying, and I will share them with you. I am sure you are aware of them.

In those States that increased their speed limit to 65 since 1988, deaths on rural interstates increased 48 percent, while the States that stayed at 55 saw the number of highway deaths decreased by 12 percent.

Further, in the States that raised their speed limit to 65, the percentage of drivers going at very high speeds, over 70 Mph, more than tripled. Of the 40 States with 65-mile-per-hour speed limits on rural interstates, 26 States saw the numbers of deaths increase by more than 25 percent, and 13 States saw the number of deaths increase by more than 50 percent.

Well, Secretary Skinner, your own agency's findings are unequivocal. Sixty-five miles an hour kills more people. Given these findings, why does not the proposed surface bill address the speed limit issue?

Secretary SKINNER. That report just came out. We are still in the process of trying to dissect what it really means on the rural highways. I am not so sure we are as conclusive. We are not at the point that you are on that. But we are working on it and if we should do something, we will.

Senator LAUTENBERG. At your confirmation hearing, an eternity ago, I specifically asked if you would recommend a change back to 55 if the fatality figures were conclusive. You probably know precisely what you said. You are a bright guy and you know.

What you said, your response was, "yes, absolutely." If there comes a point in time when the statistics are clear and the States are ignoring that, they are just basically taking positions that are contrary to the facts in a way that has a significant disregard for citizens, then I think it is time to reassess. And what you are doing is reassessing and I appreciate that.

We are fortunate now to have Senator Pete Domenici come in. I had promised Senator Domenici that the Secretary would be leaving in just a couple of minutes. And I would like to save the remaining few minutes for you if you would like some questions. You need about 5 or 10 minutes?

CAFE STANDARDS

Senator DOMENICI. I do not even think I need that much. First, Mr. Chairman, let me say for the record and for the Secretary, I was not ditching class. I happened to have three hearings at the same time. We were talking about something in your field called CAFE standards over in the other committee and one of your men was there. And I must tell you, Mr. Curry, whom I have never met, did a marvelous job. I assume he works over in your shop.

Secretary SKINNER. He does. He is the National Highway Traffic Safety Administrator.

Senator DOMENICI. He was pretty impressive. People listened to an administration witness about CAFE standards for a change and that was pretty good. It seemed all right to me.

Secretary SKINNER. As you know, we have a study going in that area and that is of top concern to us. As I am sure you are aware, it is very controversial and we are trying to look at that from all aspects.

Senator DOMENICI. I think I will put a question in the record regarding safety since I hear that has not been touched on. The other ones I had have been touched on.

HIGHWAY BILL SET-ASIDE FOR INDIANS

Senator DOMENICI. You might be a bit concerned when your people read the record and see that I introduced a bill yesterday regarding a set-aside for the Indian people of the country in your new highway bill. I do believe we ought to put more money in that program than we ever have in the past. Senator Inouye and I put a set-aside, which is much more than you asked for in your highway transportation program for the country. I want to give you a pitch and then I will quit.

Frankly, we all say our Indian people are doing poorly in economic prosperity and growth, and that welfare is the predominant way of life. But we want them to join mainstream America as far as economics. The one thing that is basically missing on large reservation Indian areas is roads. They are just almost conspicuous for their absence—one here, there and elsewhere.

It seems to me if we are going to have something major for the next 5 to 10 years, we ought to recognize that a significant portion of the trust fund ought to be set aside for that. That is what the bill is about. It is a high number based on the Department of the Interior's estimate of needs.

I think that is it, and I thank you very much.

SUBMITTED QUESTIONS

Senator **LAUTENBERG**. We are now in recess. We are going to then hear from, on the supplemental request, the Coast Guard, from Admiral Kime.

[A brief recess was taken.]

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

TRANSIT OPERATING ASSISTANCE

SENATOR LAUTENBERG: Mr. Secretary, in your surface transportation bill, you once again propose the elimination of operating assistance for urbanized areas with greater than one million in population. I'm disappointed. What features in your transit proposal make this part palatable?

ANSWER: Our proposal includes a significant increase in capital funds which help to make the reduction in operating assistance very palatable capital grants for urban areas over one million in population will increase from $1.4 billion in FY 1991 to $1.9 billion in FY 1992. Both these numbers include rail modernization and extraordinary bus funding which will now be distributed by formula instead of discretionarily. In addition, $3.9 billion of FHWA's Urban and Rural Program and up to $1.15 billion of FHWA's National Highway Program funds may be used to address transit needs.

The Administration firmly believes that the provision of operating assistance to cities over one million in population is not a cost-effective use of funds, given the capital needs facing the transit systems in those areas and the fact that Federal operating assistance only accounts for 4 percent of operating costs in those areas. These urban areas can cover the loss of Federal operating assistance through fare or service adjustments or productivity improvements.

SENATOR LAUTENBERG: The largest cities are the ones that have greatest costs associated with the new Federal requirements from the disabilities and clean air legislation. Has the Department calculated the costs to be incurred by cities in meeting federal regulations in either the capital or operating area?

ANSWER: These costs are being calculated at the present time. The Americans with Disabilities Act is likely to have a significant impact on most transit operators. We expect to publish a very preliminary estimate of the anticipated costs with the Notice of Preliminary Rulemaking in early April.

The Clean Air Act may actually have less of an effect on major cities, especially those in severe non-attainment status, than local clean air regulations. The major provisions affecting urban bus operators will not be felt until FY 1993, and there are early indications that current advances in heavy duty engine technologies will allow urban buses to meet the stricter 1994 emission standards without special particulate traps or other expensive technologies. In several States, including California, Texas, and New York, local regulations are generally more stringent than the Clean Air Act Amendments of 1990.

AMERICANS WITH DISABILITIES AND CLEAN AIR

SENATOR LAUTENBERG: Did the Department consider the additional operating costs associated with ADA and Clean Air when it proposed eliminating operating assistance for urbanized areas with populations greater than one million? If not not, why not?

How would you structure a program that focuses assistance on congested metropolitan areas with clean air problems? How would you support an increased program?

ANSWER: We did consider the impact of the Clean Air Act and the Americans with Disabilities Act on transit in developing our FY 1992 budget and reauthorization proposals. We believe that the most effective way to meet these impacts is to focus Federal assistance on the capital needs related to the Clean Air Act and the ADA. We have done so in our proposal. For example, in 1991 urban mass transit received $.8 billion in Federal operating assistance and $2.2 billion in capital assistance. For FY 1992, we are proposing $.3 billion in what is now classified as operating assistance and $2.7 billion in capital. Urban capital funding is provided from Formula Grants, Discretionary Grants and Interstate Transfer Grants-- Transit. In addition to this $2.7 billion, $3.9 billion of FHWA's Urban and Rural Program and up to $1.15 billion of FHWA's National Highway Program funds may be used to address transit needs. In summary, our proposal could result in at least $14 billion and up to $43 billion available for transit capital funding over the next five years. This is a 24% to 380% increase over funding levels available in the past five years.

HIGHWAY APPORTIONMENT FORMULA

SENATOR LAUTENBERG: The Surface Transportation Bill would base highway allocations largely on the amount of fuel consumed. Initially, at least, that might help New Jersey. But, New Jersey is a State that's out of compliance with Federal air quality standards. If New Jersey took that money and used it on things like improved transit, construction of HOV lanes -- measures to reduce auto use and emissions — it would, in effect be penalized for the success of such efforts by receiving less money in following years. Isn't that counterproductive?

ANSWER: Our legislative proposal fully supports and is consistent with the Administration's policy on the Clean Air Act Amendments. Our proposal includes many significant features that would help achieve the transportation requirements of the Clean Air Act Amendments, including flexibility to do many of the things you mention. Some additional provisions are:

- strengthening of the planning process, including a requirement that statewide transportation planning be carried out in coordination with the development of the transportation portion of the State Implementation Plan required by the Clean Air Act,
- a new requirement for Congestion Management Systems,
- complete flexibility to use URP funds for transit,
- availability of NHP funds for improvements such as construction of exclusive bus lanes, HOV preferential treatments, demand management and traffic control modifications, and
- availability of up to 15 percent of NHP funds to transfer to URP.

Alleviating traffic congestion is one of the best ways to reduce pollution and improve air quality. An effective highway program contributes to alleviating congestion. Even doubling transit ridership would only reduce VMT nationwide by 1.5 percent. So the apportionment formula would not deter improved transit and HOV accommodation.

Motor fuel was selected as a factor for the following reasons:

- Motor fuel usage along with vehicle miles traveled (VMT) and lane miles are good approximations of the usage of the highway system. Use of the system determines investment requirements.
- VMT (and road mileage and lane miles), if specifically tied to a proposed NHS would make designation virtually impossible because of each State's desire to maximize formula shares. It could also imply a cost to complete the system. For this reason total highway-system factors, rather than the NHS-specific factors, and land area are preferable to reflect extent of the system.
- Since vehicle travel causes road deterioration and congestion, VMT would be the best indicator of need. However, VMT on all public highways would be difficult to collect. There would be an enormous counting problem because of the nearly 4 million miles of roads to be reported on. Administrative costs to collect would be extremely high if any degree of accuracy is to be achieved. Accuracy in converting traffic counts to VMT adds additional variability. The next best proxies are fuel consumption and/or trust fund revenue contributions for which data is accurate, verifiable and in place.
- There has been broad interest in the Congress in motor fuel usage as a potential factor since it has been proposed in numerous congressional bills, including those of the House Public Works Committee over the last decade.
- Motor fuel usage factors do not unfairly reward areas that have substantial travel and highway needs since the purpose of the NHP is to direct funding to areas with highway investment requirements on a high order system, thus benefiting interstate commerce.

SENATOR LAUTENBERG: How would a State coordinate its need to meet Clean Air mandates with its need to improve transportation?

ANSWER: We are confident that the states are moving to implement the transportation requirements of the Clean Air Act Amendments. The Department's legislative proposal contains significant features that help achieve transportation requirements of the Clean Air Act Amendment.

To help the states, the DOT proposal would:

- strengthen the Urban Transportation Planning Process to specifically emphasize multimodal considerations, land use and development decisions, and solutions to transportation-related air quality problems;
- require that the Congestion Management Systems in areas over 200,000 population be coordinated with requirements of the Clean Air Act and transportation improvement plans conform to State (air quality) Implementation Plans;

- provide for special treatment for metropolitan projects that offer innovative solutions to air quality and congestion;
- provide flexibility in the use of Federal-Aid Urban and Rural Program funds for either highway or mass transit projects;
- give preference to operational improvements over capital investments on the Interstate system through an increased Federal share for projects such as high occupancy vehicle lanes, carpool projects, signing and signalization improvements, positive guidance systems and freeway management;
- require a biennial report to Congress on the air quality impacts of transportation programs and the benefits of transportation control measures in controlling air pollution; and
- enhance the research and development program, including clean air related environmental research.

PUSHING AMTRAK COSTS TO COMMUTER LINES/STATES

SENATOR LAUTENBERG: The Governor's budget in Pennsylvania proposes a hard freeze in funding for SEPTA despite all the problems that system is having. Where do you propose SEPTA get the additional funds needed for your new Amtrak policy?

ANSWER: This is a state/local problem with no easy solution. The governor and state legislature, as well as the local agencies, will need to find solutions that work for SEPTA. One solution that is being adopted in some states is the establishment of a dedicated source of funds to support transportation projects.

The Philadelphia system, as you and I discussed at the end of last year, does not have a dedicated State subsidy income stream, which they should have, as most big systems do. We have, for the last several years, been trying to get the State administration in Harrisburg to recognize that; unsuccessfully I might add. And the problems that SEPTA is having can be laid directly at the doorsteps of the State administration, in my opinion, in Harrisburg.

SENATOR LAUTENBERG: Your budget also proposes that the states should pay the long-term avoidable costs of those lines that they finance in partnership with Amtrak beginning October 1. Have you considered whether all of the relevant state legislatures will even be in session to take on these costs before October 1?

ANSWER: The timing of the state legislative session is not as important as the decision by the State legislatures to address the issue. Even if state legislatures are not in session on October 1, steps could be taken to authorize the increased payments during FY 1992.

AIRPORT EXPANSION IN THE NORTHEAST

SENATOR LAUTENBERG: As you know, Logan Airport is one of the most congested airports in the most congested region of the country. It is estimated that one in five people flying out of Logan are going to New York only. Another 20 percent are making connections in New York. Why is FAA looking at expanding airports in the Boston, Rhode Island or New Hampshire area? Have you considered the cost ramifications of a new airport in the Boston area versus utilizing high speed rail?

ANSWER: The FAA is supporting State efforts to make adequate provisions for air transportation in the Boston area, including the selection of a site for a supplemental air carrier airport. Improved rail service between New York and Boston might delay the need for a new airport, but probably would not eliminate it.

The Department, with FAA's participation, has contracted with the Transportation Research Board of the National Academy of Sciences to identify major high-density intercity corridors; assemble information on the demographic characteristics, existing transportation systems and service, and passenger travel demand in these corridors; and identify key technological alternatives for serving intercity travel demand. The study will not produce corridor-specific findings or recommendations, but the study results should be useful in examining alternatives in the Northeast Corridor.

FAA's future actions regarding the selection, acquisition, and development of a site for a new Boston-area airport will take passenger rail service into consideration.

SENATOR LAUTENBERG: Do you believe that in cases such as this -- where an investment in the rail area could save much greater amounts in the FAA -- that it would be appropriate to use Aviation Trust Fund monies to upgrade the passenger railroads?

ANSWER: We must examine alternative modal solutions to particular transportation problems, and flexibility in the use of trust fund monies can be an important element in advancing the most cost-effective solution. Such flexibility, however, should not violate the user fee principle that there are direct benefits for those who pay the fees.

In 1982, a consensus was reached that the direct benefits to highway users from improvements to transit justified use of Highway Trust Fund resources for transit. Our current surface transportation proposal builds on that principle by proposing that major portions of Federal transit and highway funds -- all from the Highway Trust Fund -- be available for highway or transit projects based on the assessments of State and local governments of how best to address local problems.

The use of aviation trust fund resources for railroad improvements raises a different set of issues. It is not at all clear that air travelers would receive sufficient benefit from rail improvements to justify requiring them to pay for the improvements. In any event, aviation requirements in this country -- especially the need for new airports and improved air traffic control equipment -- are such that we believe aviation trust fund resources will be needed to meet aviation requirements.

SPEED KILLS

SENATOR LAUTENBERG: Where do we draw the line between what traffic safety policy should be left to the states, and what should be determined at the federal level? If your agency does not let the states decide what is safe automobile design or an effective seat belt, why do we let the states decide what is a safe speed limit?

ANSWER: Industrywide regulations affecting safety are different from State traffic safety enforcement. With regard to automobile design or seat belts, interstate commerce is at issue. Moreover, it would not be cost-effective for industry to respond to 50 different State regulations. It is the states, not the Federal Government, that are most knowledgeable about the conditions and traffic demands within their borders. The goal of Federal policy is to recognize that State perspective while also preserving material goals to improve highway safety.

SENATOR LAUTENBERG: I am pleased to see that your new surface bill gets rid of the absurd policy in current law where those states that kept their speed limits at 55 can have sanctions levied against their federal highway funds for poor enforcement, but those states that increased their speed limits to 65 cannot. Why does your proposed bill treat the 55 states and the 65 states equally? Given the clear fact from your report that the higher speed limits are killing more people, shouldn't the 65 mph states face stiffer penalties for poor enforcement?

ANSWER: Our proposed legislation would continue the National Maximum Speed Limit Program, but repeal the compliance criteria and related sanctions. The Department has strong reservations about any attempt to impose a compliance formula on states, regardless of whether or not they have the 65 mph speed limit. There is no evidence to suggest that efforts by states to achieve compliance and avoid sanctions result in improved safety. Our proposal would allow states to make the most effective use of their scarce enforcement resources by permitting them maximum flexibility in the deployment of their enforcement personnel.

AVIATION SECURITY

SENATOR LAUTENBERG: Following outbreak of war in the Persian Gulf, the Department implemented several measures to enhance the security of air travel. However, the public continues to be concerned over the security of air travel as evidenced by fewer people flying and a downturn in future bookings. How secure is air travel, and what advice would you provide to the traveling public? How are you ensuring (checking) that Level IV procedures are in effect?

ANSWER: Aviation professionals and governments have demonstrated an unprecedented spirit of cooperation in developing and applying improved security measures in response to the Gulf crisis. There should be no hesitation to fly. All airports and airlines within the U.S. and U.S. airlines at foreign locations are continuing to operate at the security readiness level that was instituted by FAA in January 1991. Foreign governments have required airports and airlines to take additional security measures to protect their operations.

The traveling public should be advised of the following:

- Americans traveling overseas should be smart; keep a low profile

- Unless absolutely necessary, do not take electrical/ electronic devices
- Minimize luggage and don't leave bags unattended.
- Do not accept gifts or carry articles for other individuals.
- Answer carefully and clearly all questions posed to them by the airlines
- Call State Department Citizen Emergency Center for current travel advisories on specific international locations/ destinations. The hotline number current travel advisories on specific international locations/destinations. The hotline number is 202-647- 5225.
- Report suspicious activity that might be observed to security or airline personnel.

Implementation of elevated security procedures is being monitored by 1) increased surveillance by more frequent visits of FAA inspectors at U.S. major airports, and 2) temporary deployment of FAA security specialists to cities throughout Europe not only to ensure the implementation of security measures but also to assist in the implementation of those measures.

SENATOR LAUTENBERG: What unplanned costs has FAA incurred because of the war?

ANSWER: As of March 27th, over $1 million has been expended for the Civil Aviation Security program to cover costs associated with travel, supplies, equipment, and overtime. We plan to readjust funding priorities in order to absorb these costs.

Security requirements for U.S. carriers at international locations were at a high level before the war, so a contingency plan was developed by the FAA to identify the steps required if hostilities started. The Department of State and selected foreign states were consulted in developing this plan. Once activated, this plan provided for an increased FAA presence at selected foreign airports, a 24-hour operations unit at Headquarters, and implementation of additional security measures by air carriers and U.S. airport operators. In addition, FAA field resources were deployed to coordinate and oversee the implementation of these measures.

SENATOR LAUTENBERG: In spite of the serious, publicly-known limitations of TNA, you have reserved the right to require its deployment, above and beyond the six machines purchased by the FAA.

Do you have plans to actually require such deployment? Is there anything new to suggest that TNA is any more effective than it was a year ago? What efforts have you been making to develop or test alternative equipment?

ANSWER: We are continuing our deployment of the six thermal neutron analysis (TNA) explosive detection systems (EDS) purchased by FAA as part of a demonstration program. Our objectives for this deployment are to:

- evaluate EDS operations outside the laboratory in actual airport operating environments;
- gain experience with the technical, legal, and logistic issues associated with installation;

- gain familiarity with the system calibration process at different airports; and
- identify areas for performance improvements.

TNA systems are currently installed at JFK, Dulles, and Gatwick (London) Airports. The unit deployed at Miami International Airport was removed after one year of operation per an agreement with Pan American Airlines. This system has been returned to the factory for refurbishment and will be redeployed. We are presently negotiating with San Francisco Airport authorities for the installation of two TNA systems in their international terminal. Talks are also open with the United Kingdom for the installation of a second TNA unit in the London area at Heathrow Airport.

In accordance with Section 108 of the Aviation Security Improvement Act of 1990 (P.L. 101-604), we are establishing testing protocols and review processes, as well as working to scientifically determine quantities of explosives that can cause catastrophic damage to commercial aircraft. The Act requires that development of the testing protocols be completed within 18 months (May 1992) of enactment. FAA will make a decision regarding the future deployment of explosive detection systems when the preceding efforts required by P.L. 101-604 and the demonstration program for the deployment of the six units owned by the FAA are completed.

Our experience with the TNA system at Gatwick Airport has led to significant improvements in the system's ability to detect smaller amounts of explosives with lower false alarm rates. The units deployed at Dulles and JFK have been modified to incorporate these improvements. All future deployments of the FAA TNA system will have these improvements.

In FY 1991, over $26 million will be directed by the FAA towards research and development efforts for explosives detection systems, while the FY 1992 budget proposes approximately $24 million. FAA has efforts underway to develop alternative technologies. Nuclear resonance absorption (NRA), fast neutron in-elastic scattering and computerized axial tomography (CT) are being considered and each method is viewed by the FAA as promising. It is expected that prototype testing of a CT device can begin in two years, NRA in three years, and fast neutron scattering in four years. Also, FAA continues to cooperate in exchanging EDS research data with France, the United Kingdom and Canada under bilateral agreements.

SENATOR LAUTENBERG: In the past, the FAA has had problems with the State Department as it (the FAA) has sought to place employees abroad. The Aviation Security and Improvement Act of 1990 sought to address this issue, and improve cooperation in this important area. Have you seen improvements? What are the remaining problem areas, if any?

ANSWER: The effort to place additional permanent FAA security personnel overseas is receiving attention at the highest levels of both Departments. While we all agree that more people are needed overseas to further enhance cooperation and improve aviation security worldwide, the State Department and the Chiefs of Mission at our embassies have also been directed to reduce the number of U.S. Government personnel abroad for a number of reasons, such as personnel security, administrative burden and cost. Balancing such competing and worthy goals is a very difficult task, but one on which we are making progress.

In FY 1989, the FAA had a total of 14 positions authorized for overseas security staffing. An additional 27 security positions were approved by the Department of State in FY 1990 for overseas deployment. This action provided the current total of 41 positions authorized for overseas security staffing.

The FAA proposal for the deployment of additional safety and security personnel overseas to the Europe, Asia/Pacific and Latin America regions has been developed, refined and delivered to the Department of State for transmission to the concerned Chiefs of Mission.

As a result of the increased threat perceived at the beginning of Operation Desert Storm, it was necessary to augment the security personnel already in place worldwide. The State Department and the Chiefs of Mission have been extremely cooperative and have contributed immeasurably to the successful accomplishment of our goals during this difficult period. We anticipate continued cooperation in the future.

AIRPORT NOISE

SENATOR LAUNTENBERG: The Airport Noise and Capacity Act of 1990 calls for the phaseout of Stage II aircraft by the year 2000 and requires that DOT develop a compliance schedule for monitoring progress. What progress have you made toward developing a compliance schedule?

ANSWER: On February 28, 1991, the FAA published in the Federal Register a notice of proposed rulemaking for the phaseout of Stage II aircraft. The FAA has completed public hearings in three cities — Washington, D.C., Chicago and Seattle — to receive direct public input on the proposal and the related proposal on review and approval for local airport noise and access restrictions. The due date for written comments is April 15, 1991, and the FAA intends to have a final rule in place by July 1, 1991. Under the proposed rule, each carrier would have to achieve a 25 percent reduction from 1990 levels of Stage II aircraft by December 31, 1994, a 50 percent reduction by December 31, 1996, and a 75 percent reduction by December 31, 1998.

SENATOR LAUTENBERG: Do you agree that, under the Airport Noise and Capacity Act of 1990, local airport operators retain the authority to impose noise restrictions relating to Stage 2 aircraft, and on Stage 3, with the approval of the FAA? If not, why not?

ANSWER: Now, as before the Act, airport noise regulations are required by statute, grant agreement and case law not to impose an undue burden on commerce, and to be reasonable, and nondiscriminatory. The Act did not eliminate any of these requirements. The Act added two new limitations on the airport owner's authority to limit noise or capacity. Proposed restrictions on Stage II operations may not be adopted until a 180-day public process is completed. In addition, no Stage III limitation may be adopted unless approved by the Federal Government or agreed to by the affected airport users. The FAA published on February 28, 1991, proposed rules that would implement these provisions.

In implementing the Act, we must assure healthy airport growth in proper balance with local noise concerns. Premature phaseout of Stage II aircraft would clearly damage the national air commerce objectives of the Act. If an airport proposes to accelerate the Federally mandated phaseout schedule, we will review rigorously the proposal to ensure that vital national air commerce objectives are not compromised and that the proposal in fact addresses community noise concerns. The Act specifically preserves preexisting law concerning the FAA's authority to challenge any airport noise restriction that poses an undue burden on commerce or is unreasonable or discriminatory.

SENATOR LAUTENBERG: The Act also provides for waivers beyond 1999. Have you established any criteria for granting waivers to the carriers?

ANSWER: The FAA has not developed additional criteria at this time. The proposed rule would incorporate the statutory eligibility requirements for the waiver — 85 percent reduction by July 1, 1999 and a plan (with firm orders) to achieve complete elimination of State II aircraft from the carrier's fleet by December 31, 2003. The proposed rule would also specify, in accordance with the statute, that the Administrator would consider the effect of a waiver on air carrier competition and small community air service. The waiver process and criteria for waivers are subject to comment in the NPRM.

SENATOR LAUTENBERG: Are you concerned that the waiver process will result in a "patchwork quilt" pattern of noise regulations and undermine the purpose of the Act, i.e., an orderly phaseout of older, noisier planes? How do you plan to exercise your review authority in judging whether airport restrictions on Stage III flights are justified?

ANSWER: As to the waiver process, the FAA stated in the NPRM that it did not foresee granting a large number of waivers. The FAA's discussion indicates that it would be inclined to deny a waiver unless the consequences of denial would be severe, e.g., the loss of a community's essential air service. On the basis of this discussion in the NPRM, the risk of a "patchwork quilt" should be relatively low. As to airport restrictions on Stage III operations, the proposed regulation would include the statutory criteria for approval as follows: (1) that the restriction is reasonable, nonarbitrary and nondiscriminatory; (2) that the restriction does not impose an undue burden on interstate commerce; (3) that the restriction maintains safe and efficient use of the navigable airspace; (4) that the restriction is not in conflict with any existing Federal statute or regulation, including Federal grant agreements; (5) that there has been adequate opportunity for public comment; and (6) that the restriction does not create an undue burden on the national aviation system.

SENATOR LAUTENBERG: What other actions do you believe are needed as part of a national noise policy? Do you believe changes are needed in the Part 150 program? Do you believe changes are needed in the rights of noise victims to sue? Do you believe changes are needed in the rules governing commuter and general aviation?

ANSWER: Consistent with the Act, the FAA has undertaken a study of whether additional actions are needed as part of a national noise policy. The FAA intends to complete that study and report to Congress by July 1, 1991 as provided in the statute. Until that study is completed, we will not be in a position to make recommendations on additional actions. As to the specific changes mentioned in your question, FAA's study includes consideration of the Part 150 program and noise victims' rights to bring court action. As to the rules governing commuters and General Aviation (GA) operations, those operations involve smaller aircraft. As directed by the Act, the need for changes in the rules governing turbojet aircraft weighing less than 75,000 pounds, which are usually GA operations, is being studied and considered as part of the rulemaking process addressed previously and is subject to comment in the NPRM. Further studies or consideration of noise rules for smaller aircraft are not anticipated at this time.

SENATOR LAUNTENBERG: It appears as though airport authorities have broad authority in restricting Stage II aircraft and may impose an even stricter compliance schedule on carriers. Do you agree with this interpretation?

ANSWER: An airport operators' authority is not necessarily "broad." As discussed in response to an earlier question, now, as before the Act, airport noise regulations are required by statute, grant agreement, and caselaw not to impose an undue burden on commerce or the national air transportation system. The Act did not eliminate any of these requirements. It specifically preserves preexisting law concerning the FAA's authority to challenge any airport noise restriction that violates these requirements.

AIRLINE COMPETITION

SENATOR LAUTENBERG: You seem to have pretty much conceded the consolidation of the U.S. airline industry. You've also said that "vigorous antitrust enforcement" will ensure that the remaining airlines will be truly competitive, and that consumers will not suffer. What specific steps would you take to protect consumers from monopolistic practices?

ANSWER: While further consolidation in the airline industry may be likely, we feel that this will not threaten the competitiveness of the industry.

Our competition study released about this time last year is compelling evidence that the airline industry is very competitive. That study demonstrates that the force behind the restructuring of the industry and the more intense competition that has resulted is the move to hub-and-spoke systems of service. An airline with a nationwide hub-and-spoke network can compete for traffic in virtually all important domestic markets, even those that have more direct service from other carriers. This system has already produced numerous airlines that provide broad geographic coverage. As a result, more service and competition is possible with fewer airlines.

This is also why the industry will remain competitive even if there is further consolidation. The difficulties currently faced by some carriers can be viewed as evidence that competition is vigorous and the process of adjustment to this competitive environment has not yet been completed. In other words, enough healthy carriers will survive the deregulation process to produce robust and vigorous competition.

The Department's jurisdiction to protect consumers from monopolistic practices was diminished with the sunset of Section 408 and the domestic authority under section 412 of the Federal Aviation Act, when the Department's authority over domestic intercarrier agreements and acquisitions of control terminated. The Department of Justice now has the authority to review mergers and acquisitions in the airline industry under the Hart-Scott-Rodino Act. Thus, the airline industry is now subject to the same antitrust oversight by DOJ as are other unregulated industries. In practice, DOJ has the primary responsibility for enforcing the antitrust laws.

Nevertheless, the Department of Transportation stays very active and concerned with airline competition and it brings to bear the strength of a rich background and specialized knowledge.

* We regularly advise DOJ on important considerations in airline transactions: most recently we pressed for Eastern's gates and slots at Washington National Airport to be sold to Northwest rather than United for competitive reasons.

* Under section 401(h) of the Federal Aviation Act, the Department must find that any transfer of international route authority is in the public interest. The effects of the transfer on competition in the airline industry are considered in our public interest determination.

* In the award of new international routes, one of the major criteria the Department uses in selecting a carrier is the enhancement of the competitive environment in the market.

Perhaps the most fundamental way that the Department can protect consumers from monopolistic practices is by taking steps to prevent competition from eroding. We have taken several specific steps in this regard:

* Passenger Facility Charges are an important part of our procompetitive effort. We do not want monopolistic practices to emerge due to the lack of airport capacity.

* We will continue to exercise our regulatory responsibility regarding route sales and other asset transfers with an eye on the competitive implications, as we did in the case of Eastern's sale of assets at Washington National Airport.

* We are looking at the issue of foreign investment in U.S. airlines to determine if even more foreign investment would be desirable and consistent with existing rules.

* We are thinking creatively about whether it might be appropriate to allow cabotage.

PASSENGER FACILITY CHARGES

SENATOR LAUTENBERG: Mr. Secretary, last year Congress gave specific authority to airports to leverage, through bonding, the revenue obtained from passenger facility charges (PFC's). Following the Department's issuance of the PFC notice-of-proposed-rulemaking (NPRM), the rating agencies (Standard & Poor's and Moody's) have indicated that the financial market will not necessarily look favorably upon such a bond issue due to the uncertainty caused by the proposed regulations. Do you agree with this assessment by the financial community?

Airport operators complain that the proposed NPRM does not provide them with the flexibility originally promised on using PFC revenues. How do you answer these charges?

Before the PFC regulations are made final, do you believe it might be helpful for the Department to bring in several bond financing experts so that the Department and the FAA can gain a better understanding of their concerns? Have you or your staff made any such plans? Do you feel that the Department and the FAA have the expertise to deal with these issues?

ANSWER: Bond rating agencies and others have submitted a number of well articulated comments to this effect to the docket. I have not yet made up my mind on this and several other issues, and I do not believe it appropriate to offer an opinion until the record is complete and all interested parties have had an opportunity to express their views. We are evaluating all such comments, paying particular attention to constructive suggestions as to how PFC revenue can be used most effectively in stimulating airport development while observing statutory limitations on the allowable use of that revenue.

We have received several valuable comments from public agencies and the airport community urging that several provisions in the NPRM be modified in the final rule. Again, I believe that it would be improper for me to speculate on how these issues will be resolved until we have evaluated all comments. However, I can tell you that it is our intention to make the process for approval, collection, and use of PFC's as flexible as the statute allows, and to give public agencies as much discretion as possible in using PFC revenue.

We have contracted for expert assistance in the area of bonding requirements and bond ratings to assist us in evaluating comments and potential problems. I have confidence that we will be able to develop a final rule which adequately addresses these concerns and which operates to the benefit of all airports interested in the PFC program.

SENATOR LAUTENBERG: Other concerns have been expressed by the airport community regarding the proposed PFC regulations. Specifically, airports complain that they cannot submit an application to collect PFC's for DOT's approval unless the airport has already completed a federal environmental evaluation on the proposed projects and, if necessary, the FAA had completed an air space study and any other evaluation deemed necessary. Is this a correct interpretation of the NPRM?

PFC's are a locally generated source of funds, and it is my understanding that the new law did not envision that airports would have to go through the same procedure or abide by the same assurances as they must when receiving a federal airport grant. Is that correct? How does the NPRM reflect the intent of Congress that the Department's PFC process not be another federal grant process?

Are land access costs allowable under the Department's interpretation of PFC allowable costs?

ANSWER: The NPRM proposes that these requirements be met before a public agency submits an application to impose a PFC. Many comments have been received from the airport community asserting that this would be an unreasonable burden and that, if adopted, airports would have to borrow more, pay more in financing costs, and the projects would ultimately cost more. In evaluating these comments, we intend to provide as much flexibility as possible in satisfying environmental requirements while attempting to balance the interests of the travelling public, from whom PFC's will be collected, individual airports, and the national system of airports. We must also be mindful of the statutory provisions which limit the use of PFC revenue to specific projects and which require safeguards to ensure that excess PFC revenue is not collected.

The NPRM does not propose that airports be subject to the same procedures or obligations when authorized to impose PFC's as when they receive a federal airport grant. Nevertheless, the statute imposes a number of requirements to be met by public agencies seeking to impose a PFC. Furthermore, there are several approval and oversight requirements which are imposed upon the federal government in conjunction with PFC approval, collection and use. Throughout the proposed rule, we have attempted to minimize adverse impacts of these provisions on airports, air carriers and the travelling public. I believe that there is room for further simplification, and we will pay particular attention to suggestions in the docket addressing this matter.

Under the NPRM, the costs to acquire land for any eligible project, such as airport development, airport access, or noise compatibility, would also be eligible.

PROGRESS ON OIL SPILL ACT AND POLLUTION PREVENTION

SENATOR LAUTENBERG: Last year, the Congress passed the Oil Pollution Act of 1990. It represents a very big job for the Coast Guard. This Committee provided $25 million over your budget request and over 300 new positions for the Coast Guard to administer and enforce the Act. Can you tell me how we are progressing? How many of the 309 new positions are on board at the current time?

ANSWER: The Coast Guard intends to fund 209 military billets and 100 civilian positions to help implement the Oil Pollution Act of 1990 (OPA 90). The Coast Guard has embarked on a vigorous, resource intensive effort, and progress has been made in many areas; e.g., Oil Spill Liability Trust Fund administration; merchant marine licensing and document renewal; navigation safety and pollution prevention studies and rulemakings. The following paragraphs provide specific examples of some of the actions that have been taken to date.

Two special staff elements have been created to facilitate the implementation of OPA 90 provisions: (1) The National Pollution Funds Center will develop and administer the Oil Spill Liability Trust Fund and parts of the Act dealing with financial liability; and (2) An Oil Pollution Act (OPA 90) Staff will oversee and coordinate studies, regulatory projects, and reports required by the Act.

A National Academy of Sciences (NAS) study was commissioned by the Coast Guard to evaluate tank vessel designs. The study, released in February 1991, analyzed various designs for preventing and mitigating oil outflow after vessel damage. Coast Guard recommendations for future action on tank vessel design will consider this study's findings, along with input from the International Maritime Organization (IMO).

A regulatory project for double hull construction of tank vessels was launched in August 1989 and is well underway. In December 1990, a Notice of Proposed Rule Making (NPRM) was published. Interim guidance on construction was also provided by issuance of a Navigation and Vessel Inspection Circular (NVIC) in September 1990. The NAS study report and IMO input during the summer of 1991 will significantly impact this project.

The National Response Unit will be located in Elizabeth City, North Carolina, and a third Strike Team will be located in New Jersey. Both should be operational during the summer of 1991.

An automated aid to navigation light was installed on Bligh Reef in Prince William Sound, Alaska, in September 1990.

Many existing personnel have been reassigned to carry out implementation, including Headquarters' planning of new commands, new facilities, and the issuance of new billets and positions. As an example, the Coast Guard recently established 66 positions to form a National Pollution Funds Center to manage the Oil Spill Liability Trust Fund; of those positions, 40 have already been filled. Also, the newly created Oil Pollution Act Staff now has 22 personnel assigned. In addition, the Coast Guard is using commercial contract personnel, personnel employed under the Intergovernmental Personnel Act, and volunteer reservists assigned to active duty to temporarily provide support. Identifying and obtaining adequate numbers of qualified personnel and establishing an effective organizational framework have been, and will continue to be, challenging. Experienced and qualified military personnel cannot be "hired," they must come from within. Building the additional experience base will take time. Hiring of civilian employees is only slightly easier, and is not feasible in all instances, due to the duty assignments. Despite these difficulties, the Coast Guard is moving forward and is nearing a decision on the location of the New Jersey strike team. Once that decision has been announced and appropriate Congressional notifications made, the Coast Guard can issue the necessary orders for the personnel to staff the new strike team. Meanwhile, the Office of Personnel and Training is identifying the existing trained personnel to be reassigned as well as planning for the training to increase the supply of qualified personnel.

SENATOR LAUTENBERG: Separate from the Oil Spill Act requirements, this committee provided adequate funding for 100 new positions to engage in investigations and enforcement of our maritime pollution laws, especially in the area of marine floatables and garbage, where we have had some serious problems in the past on the Jersey shore. Can you report to me on how many of those 100 new positions have been filled to date?

ANSWER: Funding for 100 new positions is the $1.5 million for 50 personnel added by the Committee for coastal pollution plus the $1.38 million contained in the FY 1991 budget request for Pollution Prevention Enforcement (MARPOL). Although the $1.38 million line item did not contain any military FTP or FTE, the Coast Guard has reallocated 35 unfunded billets from other areas to match the $1.38 million provided by the Committee. Thus, for the total $2.88 million, the Coast Guard has established an additional 85 billets to increase the investigation and enforcement of maritime pollution laws. Using a combination of reassignment and acceleration of normal qualifications processes, we expect to be able to fill more than half of those billets by the summer of 1991. Since additional military personnel qualified as investigators and enforcement officers cannot be hired off the street, it will take another year until all of these billets are filled with personnel who are fully qualified and trained. However, in the interim, the Coast Guard has placed an increased emphasis on the prevention and enforcement of coastal pollution by using existing personnel at Marine Safety Offices. Also, regulations were published in September 1990 which require ships to have waste management plans and information placards. Boarding checklists are being modified to account for the new regulations and a significant effort has been made to ensure that there are adequate certified garbage reception facilities in the ports. Additional guidance has been provided to the field, and boarding activity and vessel and aircraft patrols have increased.

SENATOR LAUTENBERG: Mr. Secretary, the Oil Pollution Act required a great many new regulations to enhance safety of oil transport over our waters. Can you assure me that we will see these regulations with somewhat greater speed then we have seen regulations coming out of NHTSA and RSPA?

ANSWER: The Department was a strong supporter of oil pollution legislation and is keenly aware of the importance of the regulatory mandates of the Oil Pollution Act of 1990. Our firm intent is to comply, as promptly as possible, within available resources. The Coast Guard has been working diligently, concentrating its resources, to satisfy the new regulatory requirements. However, it should be noted that those requirements are not only sizeable in number; they are also wide-ranging, frequently involving complex issues and a number of other agencies for which responsibilities must still be assigned. Several are expected to have significant economic impact.

Generating a large number of such regulations that will be perceived as fair, can be readily implemented, will achieve the desired goals, have minimally adverse economic effects and can be effectively enforced, is going to take time.

TRUCKING ISSUES

SENATOR LAUTENBERG: Secretary Skinner, in your letter to me on October 15, 1990 regarding FHWA's rulemaking concerning a possible ban on the use of radar detectors by commercial vehicles, you stated that you expected to review a notice of proposed rulemaking shortly. To date, nothing has occurred. Why the delay? When do you expect this rulemaking to be published in the Federal Register?

ANSWER: As we develop the NPRM, we are collecting and analyzing additional information on detector use, legal and enforcement issues, equipment availability and reliability, and equipment costs. Completion of these analyses are central to the development of the NPRM. We have received numerous comments from commercial and other drivers regarding the ban which must be factored into the development process to ensure the rendering of an informed and unbiased decision. Significantly, comments from the opponents of a ban currently outnumber proponents by approximately 15 to one, exclusive of a petition received with 6,381 signatures protesting the rulemaking. Given the substantial public interest in this issue, we are committed to thoroughly reviewing all relevant information and comments prior to issuing a NPRM. The Department is fully committed to resolution of this issue as soon as this process is completed.

SENATOR LAUTENBERG: The Insurance Institute for Highway Safety (IIHS) reported in November 1990 that 52 percent of all trucks monitored and 50 percent of trucks carrying hazardous material were using radar detectors. In addition, trucks with detectors were more likely to be travelling at illegal speeds. Given these findings, why are you sitting on this notice of proposed rulemaking?

ANSWER: The findings provided by the IIHS do not specifically conclude that there is a direct correlation between CMVs speeding, radar detectors, and accidents in which excessive speed is the primary cause. The FHWA is considering further research in this area.

SENATOR LAUTENBERG: If you don't want to move on radar detectors, what are you doing at the federal level to discourage speeding by tractor-trailers?

ANSWER: We do anticipate resolving the radar detector issue shortly, and we are exploring other ways of discouraging speeding. Professional truck drivers have a strong economic incentive to avoid speeding citations. Under the Commercial Motor Vehicle Safety Act of 1986, multiple speeding citations can lead to a commercial driver's license (CDL) suspension or disqualification — an economic catastrophe for most drivers. A driver will be disqualified for 60 to 120 days upon conviction of two or more "serious traffic violations" committed within a three-year period of time. Excessive speeding (defined as 15 mph or more above the posted speed limit) is a "serious traffic violation." In addition, the Commercial Driver License Information System will ensure that convictions a driver receives outside his or her home state are transmitted to the home state so that the disqualifications can be applied.

SENATOR LAUTENBERG: New York is in the process of allowing as many as 500,000 truck drivers with current truck driving licenses to obtain licenses that meet Federal Commercial Driver License requirements based on the drivers passing an unsupervised takehome test. This means that a driver who may be unable to pass a supervised test will be given by New York a CDL that New Jersey is forced by Federal law to honor. It is reported that over 96 percent of the first group passed the takehome test. Do you think that an unsupervised test is a realistic method to test the knowledge of truck drivers?

ANSWER: New York has had an extensive and successful experience and expertise in driver testing. Every driver who was sent the new mail test is an experienced driver who already had a commercial-type license. To get that previous license, they already had to pass two 20 question written tests. They are not new driver applicants; they are drivers who have already passed rigorous traditional testing. New York is conducting an evaluation of the mail-home test and expects to complete it by the end of March 1991. Whether the mail-home knowledge test is acceptable for a commercial driver's license will depend on whether New York can ensure that the person taking the test is the person to whom it was mailed and to whom the CDL would issued. We will consider the results of that evaluation as we conduct a "confirmation review" of the New York's entire CDL testing and licensing program, of which the mail-home knowledge test is only a component.

SENATOR LAUTENBERG: What is DOT doing to make sure that drivers are not cheating to get their CDL?

ANSWER: Driver testing and licensing has long been and still is a state responsibility. It's up to each state to conduct any investigations it considers necessary to insure the integrity of the testing process. Fraud prevention is under each state's purview.

Our regulations do not explicitly address cheating which may occur under any testing regime. For that reason, we rely on the good faith effort of the states to license their drivers responsibly.

- New York's ongoing evaluation of the mail-home test is designed to determine whether there are workable assurances that CDL applicants have taken the test themselves. We have insisted that their controls on cheating on the mail-home test be workable. This means that they must provide reasonable assurances that fraud has not occurred. We anticipate applying the results of NY's evaluation and of our own "confirmation review" to improve the fairness, efficiency, and integrity of takehome testing.
- The Federal Highway Administration doesn't view takehome testing as a safety compromise, as long as the state can demonstrate the workability of its controls.

TRUCK ACCESS

SENATOR LAUTENBERG: In summary, how does the administration feel about removing the upper limitations on truck size and weight?

ANSWER: The Surface Transportation Assistance Act of 1991 does not propose any changes to the Federal truck size and weight limits, even though recent studies have shown net benefits from increasing those limits. We believe that there are unresolved issues regarding the impacts of longer, heavier trucks on highway safety, on the selection of the appropriate fee recovery mechanisms, on which segments of industry would achieve the estimated productivity benefits, and on the rail industry. These issues must be assessed before legislative change is proposed.

SENATOR LAUTENBERG: Do you believe that the states should have ultimate responsibility for determining the size and weight of trucks using their highways?

ANSWER: States now have the authority to set truck size and weight limits on essentially all highways except for those on the Interstate Highway System. Federal jurisdiction is appropriate because of the high-percentage of Federal investment in the Interstate System, and to achieve the standardization of truck size and weight limits that is necessary for the efficient flow of interstate commerce.

SENATOR LAUTENBERG: What do you see as the federal role in determining size, weight and access [issues]?

ANSWER: The federal role in determining truck size, weight and access is to continue to provide stewardship over that system of highways determined to be most important to the nation's economic growth. That stewardship involves balancing the goals of assuring the safety of the motoring public and of fostering economic growth and improving international competitiveness.

SENATOR LAUTENBERG: How does this square with your Surface Transportation Bill, in which you pass back to the states greater responsibility for maintaining highways and bridges?

ANSWER: The federal role will be focused on the National Highway System, to support interstate and international commerce. The States and local areas will have more responsibility, and more flexibility, under the proposed Urban/Rural Program to address metropolitan area and rural transportation issues. This program is proposed to operate with a reduced level of Federal intervention by elimination of project-by-project reviews.

SENATOR LAUTENBERG: In balancing the various modes to provide the most efficient system possible, are you concerned about the competitive impacts that larger trucks could have on freight railroads?

ANSWER: We are concerned about recent studies of this modal shift phenomenon which have reported that the use of heavier trucks will not have a major effect on the amount of freight carried by the railroads. Railroad representatives argue otherwise. The National Academy of Sciences, which conducted one of those recent studies, and the Department have both begun additional analysis to better understand the phenomenon, and to be able to incorporate a more comprehensive set of issues into the decision-making process.

AIRLINE SMOKING BAN

SENATOR LAUTENBERG: As you know, I sponsored the legislation to ban smoking on almost all domestic airline flights. Experience has shown that it's working, and working well. The law did allow smoking on some of the longest domestic flights, under 1% of all flights. Have you considered taking regulatory action to address those remaining flights? What about international flights? Do you believe that we can make progress in that arena?

ANSWER: At this time, we are not considering regulatory actions to address smoking on the remaining domestic flights or international flights. Developing a smoking ban for international flights would be a very complicated issue on which to gain acceptance from the airline industry. For example, issues such as the ability of U.S. carriers to compete with foreign carriers that may not be subject to similar restrictions would have to be addressed.

SENATOR LAUTENBERG: Has the Department been made aware of instances in which a U.S. carrier is not enforcing the ban? What steps can be taken in such a case, and what has been done?

ANSWER: We are not aware of any instances where a U.S. carrier is not enforcing the ban. All carriers have complied with the smoking legislation by adopting new procedures, modifying their internal operational manuals, and training personnel on how to handle passengers who fail to comply with the no-smoking regulations. Enforcement actions have been necessary.

SENATOR LAUTENBERG: Please provide a summary of the enforcement actions relating to the airline smoking ban taken by the FAA in the last year.

ANSWER: The information follows:

o Actions against individuals:

FAR 121.317G: Passenger smoking when no smoking light is on.

Enforcement Actions Opened:	294
Closed to Date:	55

FAR 121.317H: Passenger smoking in aircraft lavatories.

Enforcement Actions Opened:	404
Closed to Date:	74

FAR 121.317I: Passenger tampering with smoke detectors.

Enforcement Actions Opened:	17
Closed to Date:	0

o Actions against air carriers:

FAR 121.571(a)(1)(i): Briefings of passengers by air carriers concerning smoking ban.

Enforcement Actions Opened:	14
Closed to Date:	6

FOREIGN OWNERSHIP OF U.S. AIRLINES

SENATOR LAUTENBERG: The Department recently raised the limit on foreign ownership of U.S. airline stock to 49 percent, when the stock is nonvoting. Relaxing the restrictions on foreign ownership might permit some financially weak airlines to secure monies needed for capital investment. As the events of the past few months have demonstrated, however, access to the Civilian

Reserve Fleet in time of national emergency cannot be compromised. Does foreign ownership complicate the process of bilateral negotiations? Do you foresee competitive problems whenever the foreign purchaser is largely or wholly owned by another government?

ANSWER: Foreign ownership of course presents an additional consideration in the negotiating process, in that it could have an effect on the positions of the various carriers advising the government as to their interests. Also, bilateral aviation agreements generally require that airlines be owned and controlled by nationals of the countries which designate them to exercise those bilateral rights. However, being aware of the various investments and interests that exist, we are able to take these factors into account in framing our negotiating strategy and to deal with them satisfactorily.

With respect to foreign government ownership of investing airlines, we see this as a small and shrinking concern. As you are aware, enlightened governments, both large and small, all over the world, are getting out of the airline business. But in any case, our experience has been that foreign airlines' competitive prowess seems not to depend on whether they are government-owned. If anything, the government-owned airlines tend to be less efficient, and thus less threatening competitively, than their "privatized" counterparts.

SENATOR LAUTENBERG: Given these obvious constraints, how far will you go in relaxing the restrictions on foreign ownership?

ANSWER: Our recently announced policy of allowing up to 49 percent foreign total equity ownership of U.S. airlines, while at the same time limiting foreign voting equity ownership of such carrier to 25 percent, is a flexible standard based on existing law as well as policy. Under that standard, we will continue to review transactions involving foreign equity purchases of U.S. airlines to assure both that the numerical limits of the law are complied with and that control of the U.S. carrier remains in U.S. hands. In addition, we will consider issues of reciprocity--including both the degree to which competition by U.S. carriers is permitted in markets of the investor's homeland and the receptiveness of that nation to U.S. investment in their carriers--as well as other issues of national and public interest. The great differences in the way transactions are structured and in the aviation, investment, and other relationships which exist between the U.S. and other nations, make it difficult to define the limits which we may apply in any potential transaction. It is our aim, however, to allow U.S. carriers to have the greatest access to capital that is consistent with the law and our national interests.

SENATOR LAUTENBERG: Do you expect foreign airlines to invest in U.S. airlines, especially weak ones, simply to earn dividends? Wouldn't you expect that the foreign carriers want to exercise control over the U.S. carriers in which they invest? For what reasons would a foreign airline invest in a U.S. carrier that had already filed bankruptcy and whose affairs were in the hands of a bankruptcy court?

ANSWER: We expect foreign airlines and other foreign investors to continue to invest in U.S. airlines, even weak ones, for a variety of reasons. Primary among these is the potential for a good total return (capital gains as well as dividends) over their investment horizon. We expect many such investors to take a relatively long-term investment outlook--certainly beyond the current economic recession. Like U.S. investors, we expect foreign investors to vary widely in the amount of risk they are willing to accept. Some will opt to invest in relatively weak and even bankrupt companies since these investments offer high potential rewards, albeit at a substantial risk. We cannot guarantee that the relaxed standards will actually result in increased capital being available to any particular carrier. However, a new policy does open up greater opportunities for such investment in our airlines.

With respect to foreign airlines specifically, we expect them to want to exercise some control over the companies they invest in, in order to protect those investments and improve their return. Indeed, it is precisely because of our recognition of the fact that foreign carriers are motivated to control U.S. airlines that we placed conditions and restrictions on transactions such as the KLM purchase of a stake in Northwest and the increased ownership position SAS took in Continental.

SENATOR LAUTENBERG: What are your views on granting cabotage to foreign airlines, especially those that have been privatized?

ANSWER: We have agreed to consider the Canadian request for cabotage rights in the context of an "open skies" agreement. If we reach the conclusion that an exchange of cabotage rights is necessary and desirable, then, of course, we will need to seek the concurrence of the Congress through a change in the existing legislation.

We do not believe that foreign government ownership has significant implications for the cabotage issue. U.S. airlines have traditionally competed with both private and government-owned airlines, and have done so successfully.

AIR TRAFFIC CONTROL MODERNIZATION

SENATOR LAUTENBERG: FAA has restructured its modernization strategy, recognizing that this undertaking is a continuous one and replacing the original NAS Plan with the Airway Capital Investment Plan. Unfortunately, cost increases, schedule slippages, and performance problems persist. The Department has often stated that the federal procurement process hinders progress on the Capital Investment Plan. What specifically are the problems?

ANSWER: The federal procurement regulations require all Government agencies to follow certain administrative procedures which maximize the use of competition, and incorporate many socio-economic considerations required by statute. This process takes time and there are no significant "shortcuts" that can be used regularly without protests from some interested party.

In the past we have made legislative proposals to give the FAA additional procurement authority. These requests included the specific authority to use multi-year procurement (which has been enacted with certain restrictions), authority to limit competition under certain circumstances, and exemptions from obtaining certain approval to ADP procurements from GSA.

One regulatory problem is the fact that the Federal Acquisition Regulations (FAR) and the Federal Information Resources Management Regulations (FIRMR) are separate documents, and are not completely consistent or integrated for ease of use. The Department also has less authority than DOD to proceed without GSA approval. Another problem is the protest procedures. A number of large FAA procurements (e.g., AAS, OATS, ILS) have been delayed, at an increased cost of millions of dollars to the taxpayer, over the last few years as a result of unsuccessful protests to GAO or to GSBCA. We believe that Congress should consider having the unsuccessful protestor bear all, or part, of the increased cost of the protest to discourage frivolous protests.

We believe that certain changes in the regulations would be useful, and consistent with current industry practices. For example, the FAR and the FIRMR do not allow the Government to enter into long term contracts with preferred suppliers which produce high quality products. The regulations generally require a lengthy competitive cycle every few years. We believe that changes in the regulations to allow Government agencies to follow current industry practices would be beneficial. We are reviewing other possible changes to the regulations, and will submit those as they are developed.

SENATOR LAUTENBERG: Are your proposing legislation to alleviate problems? How can this Committee help?

ANSWER: The FY 1992 budget includes a modification to Section 332 of the FY 1991 DOT Appropriations Act. The proposed change would encompass the same types of contracts as those covered by the definition of "multiyear contracts" contained in the Federal Acquisition Regulations (FAR). We believe that the FAR definition would provide an authority that most contracting personnel are familiar with. Considering the variety of contracts that can be let by the Government, it is important that we achieve a common understanding and strive to maintain consistency in our use of the term "multiyear contract."

Because the definition of "multiyear contract" in Section 332 is more expansive than the usual and customary definition, our language seeks to narrow the scope of the term. We do not believe that our proposed language would deter Congressional review of the contracts that the original drafters of Section 332 intended to cover.

We have proposed to revise the threshold for review upward from $100 million to $150 million to make the language consistent with our DOT Order on major acquisitions. The DOT Order (4200.14C) values Levels I and II major system acquisitions for the Coast Guard and Federal Aviation Administration at $150 million or above.

We have proposed to delete the second proviso of Section 332 regarding contract options and contract delivery schedules. Given the production lead times for a major system, the restriction on contract options included in that proviso would result in inefficient contracting strategies and likely create production breaks for the contractor, thus driving up system costs.

The Committee could help by supporting our proposal in markup of the 1992 Appropriations Bill.

SENATOR LAUTENBERG: How would you assess FAA's overall progress towards modernizing the air traffic control system?
ANSWER: Progress on the air traffic control system modernization was initially slow, but the tempo has picked up significantly. From a numbers standpoint, 29 of the 90 original NAS Plan projects have been completed. All but 4 of the 90 are under contract. FAA's current schedule plans for the award of these contracts during FY 1991 - FY 1992. Many of the larger contracts are or will soon be in the delivery phase.

SENATOR LAUTENBERG: What improvements are still needed in FAA's management of the modernization effort, and why?
ANSWER: We are working closely with FAA to initiate many changes which will streamline our internal procedures and processes. Some of our most significant initiatives are described below:
- Last year, we issued a revised DOT order on major acquisitions. It includes several features which streamline the approval process for major acquisition. We have tied the acquisition process more closely to the budget process to reduce the number of duplicative justifications required and have more clearly defined documentation requirements which should simplify their preparation. We have also delegated program approval authority to the FAA Administrator for some of the less complex major acquisitions (i.e., acquisitions between $50 million and $150 million in total value) allowing us to focus our attention and oversight efforts on the most significant programs. We have also streamlined our internal procedures for making acquisition strategy decisions. These steps should allow us to be more responsive to the dynamic needs of some of our major acquisitions while maintaining an appropriate level of Departmental oversight.
- The Secretary has also delegated complete source selection authority for some selected large FAA programs to the Administrator. We are also working on a major revision to our internal source selection procedures which should significantly streamline the competitive process. It assigns much of the day-to-day decision-making in the conduct of a competition to the contracting officer and program manager.
- The OST acquisition staff is working very closely with the staff of the FAA's Executive Director for Acquisition to evaluate other potential policy changes. We are about to undertake, with FAA and Coast Guard, a significant study to examine DOT's overall process for conducting major acquisitions to assess where further changes might be beneficial. We are also overhauling the Department's Transportation Acquisition Regulation to eliminate unnecessary policy guidance and to put in place a system which will allow us to issue changes to acquisition policy and procedures in a more expeditious manner. We are also very supportive of the steps the Executive Director for Acquisition is taking to make internal changes at FAA such as strengthening the program management function, improving the quality of acquisition documentation, and improving the requirements definition process.

SENATOR LAUTENBERG: What efforts are underway to reduce the $1 billion in deferred appropriations in the Facilities and Equipment account?

ANSWER: There is currently a deferral of $1.6 billion in the account. At least half of the deferred amounts are related to the full funding practice. To ensure that adequate funding is available for site preparation, installation and testing of new procurement of equipment, appropriations are requested to "fully fund" the project or discrete segments at the time funding for the equipment is requested. This has the benefit of identifying the total cost of a project and not committing Congress to future appropriations. But it does result in deferring obligations for one to five years. Other amounts deferred are related to delays in awarding contracts. Such delays occur for a variety of reasons such as specification changes, delays in production and contractor requests for extension of the deadline for submission of bids.

The deferral amount is also a reflection in large part of annual appropriations. We are approaching the apex of F&E funding. The 1991 appropriation is 1 1/2 times greater than the 1987 appropriation. The obligations from these appropriations will necessarily follow in future years. In our view, the fact that the deferral has increased 46% since 1987, that is not out of line with the 160% increase in appropriations during the same time. We would expect the deferral to decline in the future as NAS plan projects are completed and F&E requirements decline.

SENATOR LAUTENBERG: FAA has restructured its modernization strategy, recognizing that this undertaking is a continuous one and replacing the original National Airspace System Plan with the Airway Capital Investment Plan. Unfortunately, cost increases, schedule slippages, and performance problems persist. FAA has thus far completed 29 of 88 original National Airspace System Plan projects. How many projects will be complete by the end of FY 1992? 1995? 2000?

ANSWER: Thirty-nine projects will be completed at the end of FY 1992, 70 projects by the end of 1995, and 84 projects by the end of FY 2000. The only projects not completed by 2000 are four long-term projects for the Tower Control Computer Complex (TCCC) portion of the Advanced Automation System (AAS), Automated En Route Air Traffic Control (AERA), Area Control Facilities (ACF), and Microwave Landing System (MLS). Our request of $2.7 billion for Facilities and Equipment and outyear planning levels reflect this schedule.

SOUNDPROOFING SCHOOLS

SENATOR LAUTENBERG: Secretary Skinner, as you probably know, a longstanding problem of great interest to my constituents has been the Port Authority of New York and New Jersey's program for soundproofing schools in high-noise areas. In the past, the Port Authority, under the Aviation Act, has received money to soundproof schools in areas adversely impacted by aircraft noise and has, with the aid of such funds, soundproofed both public and parochial schools in the New York - New Jersey metropolitan area. In the past, assisted by AIP funding, 30 schools have been included in the Port Authority's soundproofing program.

I am informed that the former Chief Counsel of the FAA took the position that funding for such programs must be limited to the soundproofing of educational institutions which are owned or operated by state and local governments, and that the FAA will deny grant applications to soundproofing private schools, including church-connected or parochial schools. Is that a correct characterization?

ANSWER: That characterization is only partially correct. The position referred to related directly to the FAA's interpretation of section 104(c)(3) of the Aviation Safety and Noise Abatement Act of 1979 (ASNA). That provision does not authorize the FAA to provide funding to soundproof private or parochial schools. However, such funding is available through mitigation measures of an environmental impact assessment under the National Environmental Policy Act (NEPA), or as part of an approved noise compatibility program under the Part 150 program. Such noise compatibility programs and AIP funding thereof is authorized by separate provisions of ANSA, sections 104(a) in combination with section 104(c)(1).

SENATOR LAUTENBERG: It is my understanding that the applicable statutory provision, as amended in 1987, allows the FAA to make grants for projects to soundproof any "public building" which is primarily used for educational or medical purposes. Is that correct?

ANSWER: Yes, that is correct. Section 104(c)(3) of ASNA (49 U.S.C. App. 2104(c)(3) states: The Secretary is authorized under this section to make grants to operators of airports and to units of local government...(1) for any project to soundproof any public building (A) which is used primarily for educational or medical purposes in the noise impact area surrounding such airport, and (B) which is determined to be adversely affected by airport noise. (Emphasis supplied.)

SENATOR LAUTENBERG: Does the particular statutory provision which governs the school soundproofing program separately define the term "public building?"

ANSWER: Although the term "public building" is not actually defined in ASNA, the Airport and Airway Improvement Act of 1982 ("AAIA"), 49 U.S.C. 2201, et seq., provides a public/private distinction similar to that at issue. The AAIA differentiates between a "public airport" and a "public-use airport." A "public airport" is defined as "... any airport which is used or to be used for public purposes, under the control of a public agency, the landing area of which is publicly-owned". 49 U.S.C. 2202 (17) (emphasis supplied).

The word "public" is associated with the word "ownership." Because "public airport" does not take into account privately-owned airports, the term "public-use airport" had to be developed to include private airports. 49 U.S.C. Section 2202 (18). The AAIA is closely linked to the ANSA. ANSA includes a number of specific authorizations for the expenditure of funds under the AAIA. Thus, within a sister statute to ASNA, the term "public" means publicly-owned, not merely publicly-used. Principles of statutory construction require that the same terms in related statutes be construed in the same way unless doing so would lead to an irrational result. An irrational result is not produced by the FAA's interpretation, since that interpretation provides alternate means for the Port Authority to obtain AIP funds to soundproof private schools.

We are aware that recently, the Senate Appropriations Committee expressed the view that the term "public building" was never intended to exclude church-connected or parochial schools. Department of Transportation and Related Agencies Appropriations Bill, 1991, S. Rep. No. 101-398.

However, post-enactment committee report language cannot alter the law. There is no contemporaneous legislative history to indicate "public building" was intended at the time to include private or parochial schools that serve a public purpose.

Post ANSA statutory enactments support the FAA's interpretation. Section 104(c)(3) was added to ANSA in 1987. In 1989, Congress enacted a very narrow window of opportunity for sponsors to receive AIP funding to soundproof private schools. Public Law No. 101-64. Had section 104(c)(3) authorized use of AIP funds to finance private schools, this special legislation would have been unnecessary. It can also be argued that by creating such a narrow window of opportunity, Congress intended to limit the amount of AIP funds that could be devoted to soundproofing private schools outside of context of the Part 150 process or mitigation under NEPA.

SENATOR LAUTENBERG: Would it not be appropriate, therefore, for you to give the term "public building" a broader meaning so as to include all noise impacted institutions which promote a public purpose or serve a public use?

ANSWER: The FAA has concluded that the law requires it to apply the term "public building" to cover buildings which are actually owned and operated by public authorities. For purposes of FAA participation under Section 104(c)(3), it is not enough that the building merely serve a public purpose. Therefore, it would not be appropriate to support a broader interpretation.

As pointed out above, within a sister statute to ASNA, the term "public" means publicly-owned, not merely publicly-used. Also, a broad interpretation of "public building" relies upon the fact that schools and hospitals, either privately-owned or publicly-owned, both serve the public interest. We do not dispute that privately owned schools and hospitals serve a significant public interest. However, it is principle of law that being "affected with the public interest" does not make a privately-owned utility company a State actor. Jackson v. Metropolitan Edison Co., 419 U.S. 345 (1974). Similarly, serving the public interest is not enough to make a private school a public building.

SENATOR LAUTENBERG: Mr. Secretary, I am aware that, up to June 30, 1989, soundproofing of private or parochial schools was permitted and that the FAA has taken the position that sound proofing for such schools will be approved in the future if the airport proprietor complies with Part 150 of the regulations which relate to the establishment of a noise compatibility program. Would it be feasible to approve such soundproofing requests, as was allowed prior to 1989, outside of the noise compatibility program process? If not, why not?

ANSWER: As you state, for some time, the Port Authority received grants to soundproof public school buildings operated by local government and private school buildings operated by religious institutions. However, the Secretary's grant authority under Section 104(c)(2) of ASNA expired at the conclusion of the congressionally mandated extension period, June 30, 1989. 49 U.S.C. App. 2104, note.

Several months later, in the FY 1990 Department of Transportation Appropriations Act (Public Law No. 101-164), Congress created a window in which soundproofing of "private schools" was authorized for a certain period of time. However, this exception is limited. It states:

> Notwithstanding any other provision of this Act or an other law, funds appropriated or made available by this Act or any other Act, for purposes of Section 104(c) of the Aviation Safety and Noise Abatement Act of 1979 (49 U.S.C. App. 2104 (c)), may also be expended for soundproofing of private schools in a noise impact area surrounding an airport which, on the date of the enactment of this Act, has submitted a noise abatement plan pursuant to Federal Aviation Regulation 150 but such plan has not, as of such date, been acted on by the Secretary of Transportation...

As of the date of Public Law No. 101-164 (November 21, 1989), the Port Authority had not submitted a noise abatement plan and thus may not benefit from this process. Moreover, the clear implication of the November 21, 1989 enactment is that section 104(c)(3) alone does not authorize the use of AIP funds to soundproof private schools.

To summarize, because of the way the present law reads, the FAA cannot provide funding to soundproof private or parochial schools under Section 104(c)(3) alone. However, private or parochial school funding is available through mitigation measures of an environmental impact assessment or the Part 150 program.

SENATOR LAUTENBERG: In the fiscal year 1991 appropriations bill for your department, there was language in the Senate Report which clarified that the applicable soundproofing grant provisions were never meant to exclude private or parochial schools. The language in that report expressed the sense of my Committee that, "soundproofing grants should be awarded to all school, irrespective of their governmental or private ownership or affiliation." How do you square the FAA's restrictive interpretation of "public building" with the unambiguous indication of Congressional intent?

ANSWER: The present law does not square with the post-enactment legislative intent conveyed in Senate Report 101-398. However, post-enactment legislative history cannot alter the law. There is no contemporaneous legislative history to indicate "public building" was intended at the time to include private or parochial schools that serve a public purpose.

SENATOR LAUTENBERG: I am sure you will agree that aircraft noise imposes an intolerable burden on school teachers and students, who, in the most adversely affected areas, must tolerate the constant interruption of their classes to wait for an airplane to take off or land. Since the educational environment of all children in the areas is affected, don't you agree that any leeway given to you in the language of the statute which would enable you to interpret the statutory terms broadly should be exercised, so that all schools may receive aid regardless of affiliation?

ANSWER: The FAA would like to fund noise abatement projects at both public and private/parochial schools. However, this cannot be done within the limits of the law. For the reasons set forth in my response to your previous question, we do not see any leeway in the interpretation of the term "public building."

There is another approach, however, which would make funds available. The FAA is more than willing to work with the Port Authority to put together a Part 150 program with recommendations for soundproofing of public and private/parochial schools. Section 104(a) of ASNA, referring to the subsequent Part 150 regulations, states that after an airport operator has submitted a noise exposure map, it may also submit a noise compatibility program to the Secretary. The statute provides for a broad scope of project eligibility for measures taken under a Part 150 program. Because of this flexibility all types of schools regardless of ownership, are eligible for Federal funds for soundproofing. Thus, through the Part 150 program, the Port Authority could obtain Federal funding to soundproof private or parochial schools.

The FAA would be glad to work with tne Port Authority and the appropriate Congressional authorizing committees to clarify the funding issue in the upcoming AIP reauthorization process.

DOT INVOLVEMENT IN DEVELOPING A NATIONAL ENERGY POLICY

SENATOR LAUTENBERG: Efforts are now underway to develop a national energy policy. The transportation sector is a major energy user, with cars and light trucks alone consuming up to 40 percent of our domestic consumption of oil. Any national energy policy, therefore, will necessarily affect the transportation sector. What role is DOT playing in the development of a national energy policy? Was an energy policy considered when developing the Surface Transportation Bill? If so, how?

ANSWER: The Department of Transportation participated on the Economic Policy Council (EPC) Working Group on the National Energy Strategy. This EPC Working Group was established in February 1990 to provide for interagency participation in energy policy development. Department of Transportation staff participated on eight of the eighteen sub-working groups established to analyze individual policy areas. DOT participation focused primarily on CAFE standards, encouraging mass transit and ridesharing, alternative fuels and selected environmental issues.

Energy policy was considered carefully in developing the Surface Transportation Assistance Act of 1991. The Department recognizes that transportation is responsible for about 62 percent of our oil consumption and thus our bill provides for enhanced energy conservation and efficiency through improved operation of the transportation system and increased flexibility to use the funds for a wide range of projects. In addition to the funding provided for mass transit projects and the flexibility to use a portion of the highway funding for highways or transit, States may use Federal funds for a variety of projects that encourage energy efficiency, ranging from HOV lanes to accommodations for pedestrians and bicyclists. Operational improvements and start-up costs for traffic management and control are eligible for funding under both the National Highway Program and the Urban and Rural Program. Such projects speed the flow of traffic, help relieve congestion and thus contribute to reducing energy consumption. Traffic demand management strategies for the Interstate System, including HOV facilities, will receive a higher Federal match than new capacity for the National Highway System, 90 percent versus 75 percent. Projects for bicycles and pedestrians would be eligible under all the major programs at a 100 percent Federal share. The expanded research and technology program also will enable states to more effectively assess the environmental and energy impacts of various proposals. Continued investment toward the development and deployment of Intelligent Vehicle Highway Systems will help congestion management.

Urbanized areas with a population of 200,000 or more would be required to develop a congestion management system that provides for the effective management of new and existing transportation facilities through the use of travel demand reduction and operational management strategies. Large cities with air quality problems would be permitted to experiment with congestion pricing strategies and could, for example, impose fees for using highways during peak traffic periods. This would make alternative work schedules, public transportation, ridesharing, and other demand management and energy-saving strategies more appealing. The bill would continue to provide for the acquisition of land for the construction of carpool and other publicly owned parking facilities. The Secretary also could authorize a state to make National Highway System rights-of-way available without charge to a publicly or privately owned mass transit authority or company for rail systems, including high speed ground transportation and magnetic levitation facilities, or non-highway mass transit facilities.

SENATOR LAUTENBERG: How do you justify using in you new Surface Transportation Bill vehicle miles traveled (VMT) as a major factor for apportioning highway funds? Doesn't using VMT reward car and energy use and discourage more energy-efficient travel?

ANSWER: A revised set of apportionment factors is included in our proposal. It is generally recognized that the formulas in current law are based on a "patchwork" of factors that is currently inadequate. The new factors for the National Highway Program (NHP), Urban and Rural Program (URP), and Bridge Programs were selected to reflect the goals of these programs and will target funds based on needs.

The Administration's proposal does not use vehicle miles traveled (VMT) as an apportionment factor. The proposal does, however, include motor fuel and highway trust fund revenues, which are considered to be "use" oriented and sometimes taken as proxies for VMT.

Alleviating traffic congestion is one of the best ways to reduce energy consumption. An effective highway program contributes to alleviating congestion. Even doubling transit ridership would only reduce VMT nationwide by 1.5 percent. So the formula would not deter improved transit and HOV accommodation.

Motor fuel was selected as a factor for the following reasons:

o Motor fuel usage along with vehicle miles traveled (VMT) and lane miles are good approximations of the usage of the highway system. Use of the system determines investment requirements.

o VMT (and road mileage and lane miles), if specifically tied to a proposed NHS would make designation virtually impossible because of each State's desire to maximize formula shares. It could also imply a cost to complete the system. For this reason total highway-system factors, rather than the NHS-specific factors, and land area are preferable to reflect extent of the system.

o Since vehicle travel causes road deterioration and congestion, VMT would be the best indicator of need. However, VMT on all public highways would be difficult to collect. There would be an enormous counting problem because of the nearly 4 million miles of roads to be reported on. Administrative costs to collect would be extremely high if any degree of accuracy is to be achieved. Accuracy in converting traffic counts to VMT adds additional variability. The next best proxies are fuel consumption and/or trust fund revenue contributions for which data is accurate and verifiable and in place.

o There has been broad interest in the Congress in motor fuel usage as a potential factor since it has been proposed in numerous congressional bills, including those of the House Public Works Committee over the last decade.

o Motor fuel usage factors do not unfairly reward areas that have substantial travel and highway needs since the purpose of the NHP is to direct funding to areas with highway investment requirements on a high order system, thus benefiting interstate commerce.

SENATOR LAUTENBERG: Why does the Administration's proposed surface transportation bill terminate the increased gasoline tax revenue going into the highway and transit trust fund after 1996?

ANSWER: The fuel tax increase was included in the 1990 Omnibus Budget Reconciliation Act primarily as a way to reduce the Federal deficit, although half of the tax increase was earmarked for the Highway Trust Fund.

Our proposal for surface transportation reauthorization would make use of that additional tax revenue over the reauthorization period. Given the current balance in the Highway Trust Fund and the interest that will be credited to the Trust Fund, we could continue the highway, highway safety, and transit programs at the 1996 level plus inflation into the post-reauthorization period at the 9-cent fuel tax level.

Therefore, we do not believe that it is appropriate at this time to propose continuation of the fuel tax increase included as part of the budget agreement past the 5-year timeframe of that agreement. The appropriate level of Federal spending for surface transportation programs and the appropriate level of Federal spending for surface transportation programs and the appropriate user fees to support that level will be decided when the post-1996 reauthorization legislation is being developed.

SENATOR LAUTENBERG: Transit uses less energy than individual transit means; how does the department plan to use "mass transit" in developing a national energy policy?

ANSWER: The Department of Transportation is committed to the continuation of a sound public transit system in the nation. The Administration's reauthorization proposal would provide $3.3 billion annually for mass transit over the five year life of the bill. These funds are focused primarily on the maintenance and rehabilitation of transit facilities and equipment, and allow for some expansion in areas where it is cost effective. Moreover, the bill provides for over $4 billion in highway funds annually that could be used for transit projects at the discretion of state and local officials. The Department of Transportation recognizes that transportation decisions are most appropriately made at the local level and hence we provided expanded flexibility and funding in the bill to advance energy conserving measures and programs. In addition, the National Energy Strategy commits the Federal government to encourage the use of mass transit in place of private, single-occupancy vehicles for commuting by increasing the amount of tax-free transit benefits that employers may provide to employees.

SENATOR LAUTENBERG: What would DOT like the national energy policy regarding transportation to look like?

ANSWER: The Department supports the National Energy Strategy developed by the interagency Economic Policy Council Working Group on the National Energy Strategy. The transportation component of the strategy includes three goals: (1) reduce transportation energy demand by cost-effectively improving fleet fuel efficiency; (2) improve transportation energy supply through use of cost-effective alternative transportation fuels; and (3) increase the efficiency of the overall transportation system. Approaches to achieving these goals include programs to get less energy efficient, highly polluting vehicles off the road; expanded R&D to accelerate commercialization of energy efficient and clean propulsion systems for transportation modes, and an assessment of new-car fuel-efficiency potential, within safety, emission and market limitations. Programs in the National Energy Strategy also include requirements and incentives for the use of alternative fuels and alternative fuel vehicles and accelerated R&D on new feedstocks and conversion processes for domestically produced biofuels. Programs to increase the efficiency of the overall transportation system include promotion of the use of transit and ridesharing, and R&D on long-term alternative transportation systems.

SENATOR LAUTENBERG: What effects would you expect a national energy policy to have on the transportation sector?

ANSWER: As the predominant consumer of petroleum fuels in the U.S. economy, transportation must play a major role in solving the energy security and environmental problems attendant on the use of petroleum. In 1990, the transportation sector accounted for almost two-thirds of all U.S. petroleum use and about one-fourth of total U.S. energy consumption. The goal of the National Energy Strategy is to guide the United States into a future in which the transportation sector will use less oil than it does today, while providing for the transportation of passengers and freight that is essential to national economic and social vitality and maintaining a high standard of mobility and a diversity of transportation choices for all Americans. The actions in the National Energy Strategy are expected to increase transportation efficiency and reduce pollution without sacrificing mobility and safety.

PRESERVING THE INTERSTATE HIGHWAY SYSTEM

SENATOR LAUTENBERG: In your view, do the states currently spend enough on Interstate preservation?

ANSWER: Although physical conditions on the Interstate System appear to have stabilized in recent years, reversing a trend back into the 1970's, there are still over 4,000 miles of Interstate System with pavements rated in poor condition and another 7,000 miles approaching poor condition. It is for this reason that continued emphasis must be placed on system preservation. Sufficient funds are being spent to maintain current physical conditions, but those conditions should be improved. Sufficient funds are not being spent on maintaining overall system performance. The amount of peak-hour travel on the urban Interstate System that occurs under congested and significantly congested conditions has increased over the last decade, from 54 percent in 1983 to 70 percent in 1989. This deterioration in performance threatens to undermine efforts to maintain physical conditions, since overall system performance is determined by both physical and operating characteristics.

SENATOR LAUTENBERG: Do you believe that the 1985 condition level establishes an acceptable level of performance for the Intestate?

ANSWER: Overall, the 1985 physical condition of the Interstate System was a reasonable and cost-effective level of condition, although selected improvements in conditions could be cost effective. There were approximately 11,000 miles of Interstate that were rated in either poor or approaching poor condition, with 7,000 of the 11,000 miles classified as approaching poor condition. Although these are large numbers of miles, a fully implemented pavement management system and appropriate levels of capital investment, should enable the states to prioritize and improve these pavements before they deteriorate into the poor category. About 2,000 miles of Interstate per year require some type of pavement improvement to restore serviceability. The cost of significantly reducing the amount of Interstate pavement rated as poor would be quite high, and decisions to accomplish that goal must be made on an individual state basis, taking into consideration other investment requirements on the Interstate System that could improve performance characteristics.

SENATOR LAUTENBERG: Has the Department considered establishing a national goal to improve the condition of the Interstate above its 1985 level?

ANSWER: There is no explicit goal to improve conditions above the 1985 level. However, the reauthorization proposal calls for adequate Interstate System conditions. Adequacy would be defined in regulation. The proposed FY 1992-96 authorization levels, with appropriate state match, will provide sufficient funds to improve overall Interstate System conditions. Given the conditions and investment requirements on other NHS eligible highways, however, it may be more reasonable to selectively improve the Interstate System in conjunction with other NHS improvements, rather than to concentrate exclusively on the Interstate System.

SENATOR LAUTENBERG: Has the Department considered whether states should be required to spend sufficient funds to preserve the Interstate before being provided funds for capacity enhancement? What is your view on establishing a floor, or minimum funding requirement, for preservation projects?

ANSWER: The Department has included in the reauthorization proposal, requirements to ensure that Intestate System preservation will be a top priority. The Federal share of Interstate System preservation projects will be 90 percent, compared to 75 percent for other projects on the NHS. In addition, if a state is not adequately maintaining its Interstate System highways, the Secretary will require the state to program amounts needed from its NHP funds to bring the Interstate system up to adequate condition and keep it in that condition.

SENATOR LAUTENBERG: How is the preservation versus congestion relief issue addressed in your surface transportation bill?

ANSWER: The bill treats the Interstate System separately concerning preservation versus capacity improvements. Preservation is afforded a higher Federal share, and provisions are made to ensure system integrity. On other highways, no differentiation is made between system preservation and capacity, although pavement and congestion management programs are required that will provide timely executive information to state decisionmakers in addressing both concerns on their highway systems.

EMERGENCY RELIEF TO CALIFORNIA

SENATOR LAUTENBERG: In October 1989, Congress appropriated $1 billion from the Highway Trust Fund in emergency relief funding to repair and reconstruct Federal-aid highways damaged in the October 17, 1989, Loma Prieta earthquake. In appropriating these funds, the Congress allowed the use of Federal funds to repair the San Francisco-Oakland Bay Bridge, a toll facility normally ineligible for Federal funds. Recent cost estimates from California indicate that the Federal cost share for eligible repair and reconstruction projects will exceed $1 billion. Has DOT given any consideration to how California relief costs will be financed once the eligible costs exceed $1 billion?

ANSWER: The last official damage repair cost estimate submitted to the Federal Highway Administration by California Department of Transportation last summer indicated total estimated eligible costs of $850 million, the Federal share of this being approximately $780 million in emergency relief funds from the

$1 billion appropriation. It is recognized that costs for replacement of the I-880 viaduct in Oakland are still preliminary and may vary depending on the alternative selected; however, at this time it appears that Federal emergency relief funding needs will not exceed the $1 billion appropriation.

SENATOR LAUTENBERG: What are the alternatives to additional appropriations from the Congress?

ANSWER: Should there be a need for additional emergency relief funds beyond the $1 billion, balances from the annual appropriation of $100 million regularly given to the emergency relief program could likely cover modest additional needs. However, this would depend on the number and magnitude of other disasters that occur and are eligible for funding under the emergency relief program. We expect that any significant excess will be met by California using Federal-Aid Highways funds.

SENATOR LAUTENBERG: How will the increasing need for Highway Trust fund resources for the California disaster affect the Trust Fund-financed programs for the other 49 States?

ANSWER: Since it appears the present $1 billion appropriation will be adequate for the Loma Prieta disaster, there should be no further impact on the other States.

SENATOR LAUTENBERG: Given this disaster and the potential for future disasters of similar magnitude, do you believe a $100 million cap on emergency relief expenditures is still appropriate?

ANSWER: The DOT's recently submitted reauthorization bill for the highway program would eliminate the $100 million per disaster cap.

SENATOR LAUTENBERG: Given that all States pay user fees into the Highway Trust Fund, does the allocation of Trust Fund resources of this magnitude for disaster relief to one State create an issue of equity among the States?

ANSWER: Obviously, a very large allocation of emergency relief funds can bring into play questions of equity. On the one hand, a State receiving emergency relief funds does receive additional amounts from the Trust Fund. On the other hand, this fund can be viewed as similar to an insurance policy to assist in paying some of the costs to restore damaged portions of a State's Federal-aid highway system to its predisaster conditions. Congress, when providing the additional $1 billion for the Loma Prieta disaster, viewed the equity matter along the latter lines and exempted the emergency relief funding for this disaster from the minimum allocation provisions of existing Title 23. This could be considered inequitable only if another State, following a similar disaster, would not be given similar assistance.

SENATOR LAUTENBERG: Does the Loma Prieta disaster indicate a need to reexamine how we finance emergency relief?

ANSWER: The Loma Prieta is unique in that its costs far exceed any other single disaster funded in the history of the highway emergency relief program. With this exception, for the past several years the $100 million annual authorizations from the Highway Trust Funds have met the needs of the emergency relief program and DOT is recommending that this funding mechanism be retained.

SENATOR LAUTENBERG: Provide a schedule of the actual and projected obligations and outlays of the $1 billion, by fiscal year.

ANSWER: Obligations and outlays for the last official estimate of $780 million in emergency relief funding are:

Obligations and Outlays
($ in millions)

	FY 90 (actual)	FY 91 (est)	FY 92 (est)	FY 93 (est)	FY 94 (est)	FY 95 (est)	FY 96 (est)
Obligations	$280	$ 50	0	$200	$250	—	—
Outlays	$ 81	$125	$112	$112	$175	$113	$62

PRIVATIZATION IN TRANSPORTATION INFRASTRUCTURE

SENATOR LAUTENBERG: Fostering a sound financial base for transportation is one of the principal goals of the National Transportation Policy. One mechanism is increased private sector investment in our transportation infrastructure. The Toll Facilities Pilot Program has demonstrated the potential for increased reliance on user fees to finance highway projects. At the same time, private sector ownership and operation of toll facilities is occurring in varying degrees in highway projects. What incentives and financing mechanisms are contained in the surface transportation bill to encourage private sector involvement? What Federal legislative or regulatory impediments exist?

ANSWER: Our proposal would give private sector firms the opportunity to investment in the development and to operate highway toll roads, tunnels and bridges through:

- o permitting commingling of Federal-aid, tolls and other resources -- public and private;
- o requiring applicants for Bridge Discretionary Funds to include an assessment of the feasibility of constructing a toll bridge and to address the option of commingled funding;
- o permitting Federal funding of preliminary engineering for projects which include toll or other non-traditional public/private design, build, and operate approaches; and
- o allowing States to enter into lease agreements with private concerns to allow such concerns to provide services on fully access-controlled national highway facilities.

The proposal will strengthen the opportunity for private parties to facilitate highway construction at certain locations by allowing donation of funds or property and by allowing such donations to be used to match Federal-aid participation. In return, the private sector may benefit by the increase in value of properties owned adjacent to, or nearby the donated property. The proposal includes a new requirement for assessment of innovative financing techniques as part of the required planning process.

Currently, there are restrictions on the use of Federal funds on toll facilities, except in very limited circumstances. Our bill would remove most of those restrictions and let the private sector join as partners in meeting our infrastructure needs.

SENATOR LAUTENBERG: Does the Administration favor eventually removing all toll facilities restrictions on the Federal-aid highway system, allowing states to place tolls wherever they see fit? What savings in Federal-aid highway program expenditures could result? What controls, if any, should remain in place?

ANSWER: While our proposal encourages privatization, innovative financing, and particularly toll financing, it does not propose eventual removal of all toll facility restrictions.

Specifically, the states may use NHP, URP, and Bridge funds for improvements on any facility that is part of the designated system, including existing toll roads. In addition, states may combine Federal-aid with toll and other financing to reconstruct and replace existing free bridges or tunnels and also reconstruct free non-Interstate highways that do not have fully controlled access to add lanes and to change the character of the highways to fully controlled access highways. States may contract with private firms to design, finance, construct, and operate a toll facility. Feasibility studies by private firms will also be eligible. Further, there may be private participation in the State matching share. States will have the option of continuing tolls after the construction costs are recovered; however, any excess revenues must be used for Title 23 purposes.

Requests for discretionary bridge funds must include a comprehensive assessment of the feasibility of constructing a toll bridge and the option of commingled funds.

With respect to savings in the Federal-aid program resulting from tolls, no quantification is possible. However, because the Federal share is a maximum of 35 percent for these projects (less than half the weighted average of the total program), toll projects "stretch" the Federal dollar and far more construction activity would be possible.

INTERNATIONAL CONTAINER SHIPMENTS

SENATOR LAUTENBERG: Of growing concern to me is the status of our import-export competitiveness. Can you tell me what the Department is doing to address the current system of international container shipments? It is clear to the subcommittee that many of these containers are loaded to the point beyond which they violate current weight limits established for the U.S. interstate system. In order to remain competitive globally, we must have a solution to the growing problem. Can you tell me what the Department is planning to do?

ANSWER: The question addresses several issues.

The first relates to innovation and competitiveness in the movement of containers. The Department has several activities addressing the issues related to the international movement of marine containers by all modes of transportation, not just road. These activities include research studies and maintaining liaison with industry. The activities listed below pertain to this subject.

Landing Port Access. The Maritime Administration (MarAd) is leading a DOT/industry investigation of landside transportation access problems at U.S. general cargo and container ports with the Transportation Research Board. A study committee is evaluating information on ten ports and will recommend alternate strategies that could ameliorate port, rail, and highway access deficiencies.

Double-Stack Containers. The Department has completed a study on the potential use of double-stack rail technology for application in the U.S. domestic transportation system and its impact on U.S. railroads and ocean port systems. The successful application of this technology may expedite the movement of international marine container shipments.

Intermodal Equipment Report. MarAd prepares an annual report on the number, type and dimensions of American intermodal equipment -- containers, chassis, trailers, vessels -- owned by U.S. carriers and U.S.-based leasing companies. This information is useful for planning purposes and comparing our system capabilities with those of our trading partners.

Cargo Handling Research. MarAd cost-shares with four U.S. flag liner companies a cargo handling cooperative program that is advancing the state of the art in intermodal container transportation technology including automated equipment identification and tracking systems. A similar program is planned with the National Association of Stevedores to adapt automated container technology to breakbulk general cargo operations in ports.

Container-on-Barge Transportation. MarAd is working with shippers, ocean carriers, port authorities, and barge companies to promote increased intermodal container service on the inland waterways. MarAd has sponsored a study and conference on the potential opportunities for integrated ship, barge, and truck movements of container traffic on the Columbia-Snake Rivers, the Mississippi-Ohio Rivers, and the Tennessee-Tombigbee Rivers. There has been some movement of international containers by barge on our inland waterway system.

Container Standards. The Department has a representative on the United Nations' Economic Commission for Europe. Inland Transport Committee, which works with the International Standards Organization (ISO) and meets periodically to discuss among other issues the development of new container standards applicable to oceanborne foreign trade. The Transport Committee serves as a focal point for the world community to express its needs and concerns regarding the evolution of container standards. In that group, the United States provides information on trends in the United States and notes the advantages of appropriate use larger (not heavier) container sizes as a means to gain greater productivity and efficiency in our waterborne foreign trades.

The second question relates to actions the Department might take to prevent the movement of containers loaded to the point at which the combined weight of the container and truck-trailer violates current weight limits established for the U.S. Interstate highway system, without reducing our global competitiveness in trade.

The Department is concerned about damage to our highway system by the highway transport of containers that exceed legal highway weight limitations. We coordinate our activities, as appropriate, with the states and industry groups to determine the nature and real magnitude of the problem of overweight vehicles carrying containerized exports and imports to and from U.S. ports.

Our study of the issue was summarized in an FHWA report, Analysis of Port Import/Export Reporting Service (PIERS) Data to Reveal Potentially Overweight Container Movements on America's Highways. The study indicated that approximately one-third of all marine containers being moved over our highway system may cause the truck-trailer unit to exceed the legal load limits designed to minimize road and bridge damage. The analysis showed problems with both export and imports, and with 20-foot and 40-foot containers. They were concentrated in high-density commodities.

In many cases, the container itself is not overloaded in terms of structural limits; the combined weight of a truck and a trailer may violate the highway limits, while that same container could safely and legally be carried by rail or barge. A follow-up study indicated that advances in truck chassis technology that change chassis and/or axle configuration may alleviate this problem. We believe it is also important for truckers to have accurate information on the weight of trailers they accept for carriage.

In a broader context, however, the number of trucks moving containers, some of which may cause the vehicles to violate Federal weight laws, is relatively small when compared to the movement of all trucks moving all commodities on the United States Interstate highway system.

Title 23, U.S.C. Section 141, requires each State to certify to the Secretary before January 1 of each year that it is enforcing all State laws respecting maximum vehicle size and weights permitted on the Federal-aid primary system, the Federal-aid urban system, and the Federal-aid secondary system, including the Interstate System in accordance within section 127 of this title.

The Department of Transportation presented testimony last June at the hearing on Road Damage and Safety Effects of Overweight Trucks Carrying Intermodal Containers held by the Subcommittee on Investigations and Oversight, Committee on Public Works and Transportation, House of Representatives. Departmental policy as presented in that testimony remains unchanged. A copy of this testimony has been provided to the Committee.

NHTSA RULEMAKINGS

SENATOR LAUTENBERG: Mr. Secretary, NHTSA has improved upon the record of the previous Administration in finalizing SOME rulemakings but frankly, the safety commitment of the previous Administration was so weak, it was an easy record to improve upon. The driving public continues to wait for some of the most critical safety regulations that involve the largest number of fatalities. We have been waiting TWELVE YEARS for the head injury protections from side impacts. Light vans, the new family vehicle of choice, STILL do not have the same safety protections as passenger cars. Other regulations regarding roof crush are also long overdue. Do you believe you are adequately protecting the driving public merely by having a better regulatory record than the last Administration?

ANSWER: The Department takes its safety responsibilities very seriously. As stated in our Statement of National Transportation Policy, Moving America, "Safety remains the top priority of the Department."

In the highway safety area, our activities are not reserved to the prompt processing of rulemakings, although that is one means to measure the efficiency of that program. But the regulatory program can also be measured by the substance of what we are doing, and we have a significant record in that area, including the issuance of an improved side impact standard, the extension of passenger car safety standards to light trucks, and the issuance of regulations to improve the safety of school buses. All of the specific regulatory activities you mention will be acted upon this year.

Our highway safety efforts also include a vigorous compliance enforcement and defect investigation program and major activities to continue to combat drunk and drugged driving and the initiation of a nationwide campaign to raise safety belt usage to 70 percent by 1992.

It is through all these types of activities, not just the efficiency of our regulatory activities, that we strive to reduce highway casualties.

SENATOR LAUTENBERG: What major regulations should we expect to be finished by NHTSA this year?

ANSWER: NHTSA has just updated the agency's Priority Plan to cover calendar years 1991-93. As reflected in that plan, the agency expects to take final action on the following major regulations:

- Automatic occupant protection for light trucks. (LTs)
- Roof crush standard for LTs.
- Side impact standard for LTs.
- Center high mounted stop lamps for light trucks.
- Stop signal arms for school buses.

NHTSA has already published rulemaking notices this year on the following subjects:

- School bus emergency exits.
- School bus joint strength.
- School bus flammability requirements.
- Child safety seat registration.

And, NHTSA has announced that it will make rulemaking decisions this year on the following:

- Interior head protection in passenger cars and LTs.
- Rollover protection for passenger cars and LTs.
- Improved vehicle conspicuity and underride guard requirements for heavy trucks.
- Improved child safety seats.
- School bus mirror improvements.

SENATOR LAUTENBERG: What regulatory actions have been transmitted from NHTSA to your office and how long have they been sitting there?

ANSWER: All NHTSA rulemaking actions, as well as those from other DOT elements, are reviewed within the Office of the Secretary. While the review process obviously varies with the complexity and the controversy it is likely to generate, on average, reviews within the Office of the Secretary are completed within three weeks.

SENATOR LAUTENBERG: What regulatory actions have been transmitted from your office to OMB and how long have they been sitting there?

ANSWER: All DOT regulatory actions are transmitted to OMB. On average, OMB clears NHTSA rules in slightly under four weeks.

SENATOR LAUTENBERG: Please provide for the record, a list of all NHTSA rulemakings that were active on January 1, 1989, and all rulemakings initiated since that date, showing for each (1) a description of the rulemaking, (2) the original completion date, (3) the actual or currently estimated completion date, and (4) the slippage, in months.

ANSWER: The information was subsequently provided to the Committee.

SENATOR LAUTENBERG: The FY 1991 appropriations act made significant statutory changes related to the Section 410 Alcohol Safety Grant program. I have been told that no communications have gone to the states alerting them as to how these changes will be implemented. Could you please tell us when the states will be notified of these changes and how you intend to implement these changes?

ANSWER: Through NHTSA's Regional Administrators, we have notified the States of the statutory changes that were made to the Section 410 Alcohol Safety Grant program in the FY 1991 DOT Appropriations Act. NHTSA has also surveyed the States to determine which ones are likely to apply for Section 410 funding during FY 1991. Regulations governing Section 410 are being amended, as required by Congress, to make certain that requirements imposed on States are more realistic, such as the need for financially self-sufficient programs. This is expected to facilitate State eligibility for Section 410 without affecting the safety impact of the grant program's requirements and goals. The amended rule should be published in the Federal Register by mid-April.

SENATOR LAUTENBERG: Similarly, the FY 1991 appropriations bill included a significant provision regarding the revocation of drivers licenses by those convicted of drug-related offenses. When will the states be notified as to how you intend to implement this provision? Please also provide the Committee with a schedule and description of your plan to implement this provision.

ANSWER: The Department has already encouraged the states to implement Section 333, Public Law 101-516, which encourages states to suspend the driver's license of individuals convicted of any drug offense. The Secretary sent a letter to each Governor asking for their support in passing such important legislation. Also, NHTSA and FHWA, the two agencies within the Department with the responsibility for implementing the legislation, have notified each of their Regional Administrators and asked them to advise the States of the new Federal requirement. The regional offices work directly with State cabinet officials and the Governor's office in each State to implement and oversee the Federal-aid highway construction and highway safety grant programs. These offices have alerted the States to the specific requirements of Section 333 and have offered technical assistance as States prepare their legislative proposals.

In addition, our schedule calls for a NPRM, which will propose a regulation to implement Section 333, to be published in the Federal Register by the summer of 1991, and the final rule to the published in the Federal Register early next year. Copies of the final rule will be forwarded to the Governor, Governor's Representative for Highway Safety and Highway Department in every state. The NPRM will request public comments. Once the agencies have reviewed the comments and developed the implementing regulations, they will publish a final rule in the Federal Register and widely disseminate copies to the States.

FUNDING SHORTFALL FOR NHTSA ALCOHOL SAFETY GRANTS

SENATOR LAUTENBERG: For the second year in a row, NHTSA is anticipating a shortfall in funding for the Section 408 alcohol safety grant program. The shortfall should be viewed as "good news" since it indicates that more and more states are passing strong anti-drunk driving laws and so becoming eligible for these grants. Last year this Committee provided a supplemental appropriation so that all the states would get the grants they were eligible for.

Why aren't you requesting a supplemental to cover the Section 408 shortfall this year? Do you think it is appropriate to promise grant money to the states for passing strong anti-drunk driving laws and then, when they pass them, tell them you are out of money?

ANSWER: At this time, there is no funding shortfall for Section 408 grants. However, funding requirements may change as additional States seek to qualify for incentive grant funds. We will have a more accurate picture of requirements as we get further into the year and learn more about which States will be applying and the timing of those applications.

SECTION 408 FUNDING SHORTFALL

SENATOR LAUTENBERG: You are requesting a big boost for Alcohol Safety grants in 1992. How is this request consistent with your policy to allow a shortfall for Section 408 grants in FY 1991?

ANSWER: At this time, there is no funding shortfall of Section 408 funds which would prevent any qualified state from getting grant funds in FY 1991. With regard to consistency with plans for FY 1992, we have proposed a broader highway safety bonus program that would have as one of its major elements the Section 408 eligibility criteria. We anticipate that eligible states will receive more incentive grant funds to support alcohol safety programs than they would currently receive under the Section 408 and Section 410 programs.

GAS TAX

SENATOR LAUTENBERG: The Administration proposes to continue the increase in the gas tax on the highway and transit side only through the life of your authorization bill. Given the need for spending for "infrastructure" in both the transit and highway areas, is there a rationale for lapsing the new tax money?

ANSWER: The fuel tax increase was included in the 1990 Omnibus Budget Reconciliation Act primarily as a way to reduce the Federal deficit. The Administration's legislative proposal would make use of the additional revenue deposited in the Highway Trust Fund during the reauthorization period.

Given the balance in the Trust Fund and the interest that will be credited to the Fund, the highway, highway safety, and transit programs could be continued into the post-1996 period at FY 1996 levels plus inflation.

Therefore, we did not think it appropriate at this time to propose continuing the fuel tax increase that was included as part of the budget agreement beyond the five year timeframe of that agreement.

SENATOR LAUTENBERG: What changes occurred past 1995 that suggest these taxes are not needed?

ANSWER: Any potential changes were not a factor in the decision. It was determined that our proposal should be made within the framework of the budget agreement and that the appropriate level of Federal spending for surface transportation programs and the appropriate level of user fees can be decided when the post-1996 reauthorization proposal is developed.

SENATOR LAUTENBERG: Will highways or transit programs be in any better shape than they are now? On what do you base this assessment?

ANSWER: Yes. Highways and bridges eligible for the National Highway System (NHS) will definitely be in better shape than they are today. The increase in total capital investment on the NHS, including the added Federal-aid, higher State match, State only and local government funding, and additional private investment expected as a result of enhanced opportunity, will be more than enough to reach an investment rate sufficient to maintain current conditions and system performance.

The rate of spending on highways eligible for funding under the Urban and Rural Program, while not fully sufficient to meet all pavement and capacity requirements, will be sufficient to maintain and, in some cases improve, average pavement conditions. In addition, sufficient funding will be available to address many safety deficiencies, such as narrow pavements and unsafe curves and grades, and to improve system operating characteristics on higher volume roads.

System performance may decline in the largest urbanized areas, where travel demand is expected to exceed available highway capacity. Demand for transit and higher occupancy vehicles, both of which work best in areas of high congestion, can be expected to increase in the largest urbanized areas, as traditional highway construction becomes more difficult to accomplish because of right-of-way constraints.

SENATOR LAUTENBERG: If the deficit remained a problem in 1995, would you propose to continue some portion of the gas tax revenues for deficit reduction? If not, why not?

ANSWER: That would be a decision for the Congress and the President in 1995.

HIGHWAY TRUST FUND REAUTHORIZATION ISSUES

SENATOR LAUTENBERG: In its fiscal year budget request, DOT proposes to increase reliance on the mass transit account of the highway trust fund for UMTA's formula grant program and to eliminate operating assistance grants. DOT also expects to propose major changes to the Surface Transportation Act. What assurance do you have that local transit authorities can meet the new 60/40 funding ratio?

ANSWER: In the last decade, State and local governments have shown that they have the political will and financial ability to increase their support for public transit. In 1990, States contributed $4.8 billion in direct and indirect funding for public transportation, an increase of 37 percent over the 1984 State amount of $3.5 billion — in constant 1990 dollars. As a result of UMTA's "over-match initiatives," many grantees have already increased the proportion of local capital investment they are making. Of the 14 new starts projects currently under construction, one-half of them representing 74 percent of the total costs of construction, are over-match projects being funded at an average of 49 percent local funds.

SENATOR LAUTENBERG: Did DOT contemplate capping Federal funding for individual projects?

ANSWER: The legislative proposal has no provision which would limit the Federal share to a level lower than the statutory share for specific projects. We intend to continue to use Full Funding Grant Agreements to set the maximum Federal participation in specific projects. However, the maximum amount is negotiated based on local financial plans to reflect the amount of Federal and non-Federal funds available.

SENATOR LAUTENBERG: For capital projects, did DOT consider requiring a transit authority to have in place a dedicated source of revenue to meet its match requirements?

ANSWER: We are interested in providing States and local governments with flexibility in using Federal highway and transit funding to meet local transportation needs and priorities, be they either highway or transit. In pursuing this end, our surface transportation reauthorization proposal includes a provision that imposes a restriction on the use of Federal transit funds for highways to ensure a "level playing field" transit projects within the States. There is no requirement for a dedicated source of funding for transit as a condition for receipt of either Federal highway or transit funds in our bill.

SENATOR LAUTENBERG: DOT has stated that the surface transportation reauthorization proposal will encourage innovative financing mechanisms and promote as much nonfederal investment as possible. How will these objectives be met in the transit area?

ANSWER: Of course, the best place to encourage innovative financing is in large capital investments, such as new starts projects, which can have positive effects on other than transit interests. Our requires, for every new construction project, a thorough assessment of the feasibility of using innovative financing mechanisms for the construction and operation of the project as well as for its overall capital plan. Such innovative financing mechanism may include benefit assessment districts, private developer cost-sharing arrangements, public/private joint development arrangements, and possible private asset ownership.

UMTA has already embarked on an ambitious program to foster innovative financing mechanisms. Some of these include across-border leases and certificates of participation. These mechanisms allow the local transit authority to attract local investors, and to capitalize on the value generated by transit-dependent development projects. New Jersey has purchase rail cars under a cross-border lease, and Chicago has acquired buses under a similar arrangement. These transactions resulted in significant private participation, as well as substantial benefits to the transit operator (on the order of millions of dollars per transactions.)

SENATOR LAUTENBERG: How will DOT ensure that state and local governments will balance funding between mass transit and highway when their primary emphasis has traditionally been on highways?

ANSWER: Our reauthorization legislation would require the Governor of each State to certify that the State's distribution of Urban/Rural Program funds is "fair and equitable" to both rural and urban areas, including areas over 200,000 population. Following that, local governments (specifically Metropolitan Planning Organizations -- MPOs -- in areas over 50,000 population) would play a major role in project decisionmaking in urbanized areas.

MPOs in urbanized areas over 200,00 would be required to follow a planning process and make project selections with more emphasis on multimodal considerations including:

o intermodal connectivity,

o coordination with land use planning and development decisions,

o consideration of transportation-related air quality problems,

o cost-effectiveness and impact on congestion management before major capital investment.

Before Section 9 funds could be used for highway projects in small urbanized areas, the Governor would have to certify that there were no unmet transit needs among small urbanized areas within the State, and those areas would have to concur in the certification.

SENATOR LAUTENBERG: How will DOT achieve multimodal flexibility between mass transit and highways? What are the advantages and disadvantages of such funding flexibility?

ANSWER: Our surface transportation reauthorization legislation proposes an unprecedented degree of flexibility between Federal highway and transit funds. All the funds authorized for the Urban and Rural Program (an average of $4.4 billion per year) would be available for transit and an average of $2.7 billion per year of Federal transit funds could be used for highway projects. State and local governments would decide how to use those funds based on their assessment of the best solutions to local and regional transportation problems.

Making the funds available for either highway or transit projects is the first step; encouraging grant recipients to use the flexibility is the second. Our bill would require that the statewide transportation planning process promote the consideration of various transportation modes, and the planning process in urbanized areas of more than 200,000 population would have to include an area-wide multimodal congestion management system appropriate for the size of the area and the complexity of transportation problems in the area.

The major advantage of flexibility is that State and local governments, who are closest to the transportation problems affecting local and regional travel, may choose the best solution without being constrained by the category of funding available. Two potential disadvantages, against which we have tried to protect, would be failure to meet national priority needs and a skewing of projects on the basis of factors other than greatest transportation benefits.

With respect to the first potential disadvantage, we would protect the Federal interest in maintaining and improving highways that carry the bulk of our interstate commerce by authorizing National Highway Program funds for use on the National Highway System. Except for the authority to transfer 15 percent of a State's National Highway Program funds to the Urban and Rural Program, these funds will be dedicated to the National Highway System and the major transportation corridors it will serve. We also propose to retain a separate bridge program in recognition of the critical role bridges play in the highway network and in the movement of people and goods in interstate commerce.

Our intent in providing broad flexibility between highway Urban and Rural Program funds and transit funds is that the funds be used for the best solutions to local problems. If projects are selected on other bases — e.g., because of differential matching requirements or greater availability of matching funds for one kind of project than for another -- our objective would not be achieved. For this reason, we have proposed the same 40 percent matching requirement for the Federal highway and transit funds that would be fungible. We have also proposed that, because dedicated highway funds are much more common at the State and local level than dedicated transit funds, Federal transit funds could only be used for highway projects if the non-Federal matching funds are available for either highway or transit projects or if the Secretary determines that there is a sufficient source of dedicated transit funds at the State or local level.

PAVEMENT STANDARDS

SENATOR LAUTENBERG: A recent FHWA/AASHTO sponsored group toured Europe looking at their road system and their pavement practices. They discovered that their roads last longer because they build them with better-designed bases and thicker pavements. What steps is the Department taking to ensure that these higher standards are being adopted by the States as we rebuild and extend our system under the new Highway Reauthorization Act?

ANSWER: Under our bill, States would be required to develop pavement management systems to better identify their needs and to design and build pavements that will be adequate for expected traffic and loading. There is a trend, throughout the U.S., to go to thicker pavements with better-designed bases, particularly for the high type, highly trafficked sections. States are looking at 30 year, 35 year, even 40-year traffic need projections in designing pavements. Our current concepts of pavement management and pavement design lead us towards the time when we can be cost-effective, both in new designs and in reconstruction or rehabilitation.

Several programs are underway within FHWA to implement the findings of the U.S. asphalt study tour of Europe. One of the European technologies, Stone Mastic Asphalt (SMA), is the subject of a six-State demonstration to evaluate the technology and its adaptability. This mix is highly rut resistant Ruts are a major mode of pavement distress in the U.S. because asphalt pavements tend to develop "ruts" as they age. The SMA test and evaluation sites will be constructed this summer and fall. We will work closely with the asphalt industry, the construction industry, as well as the States, to take advantage of SMA technology.

Activities are also underway to obtain the testing technology used for designing the European asphalt mixtures to incorporate them into U.S. practice. Equipment will be evaluated at FHWA's Turner-Fairbank Highway Research Center and a State highway agency materials laboratory. The results of these evaluations will be incorporated with the findings of the Strategic Highway Research Program to advance asphalt mixture design and U.S. pavements.

In addition, the innovative contracting practices in Europe are the subject of Special Experimental Project #14, "Innovative Contracting Practices." Efforts are underway to encourage States to participate and to promote contractor guarantees and lane "rental" (a fee for contractors' use of lanes during reconstruction) projects. Because of restrictions in the current highways law (23 U.S.C.), we have included revisions, as part of reauthorization proposal to expand the scope of opportunity for innovation. These revisions are based on broadening the law's definition of competitive bidding. One innovation would allow bidders to submit proposals to include design/build packages. The industry has been asked to try other innovations.

TOLL ROADS

SENATOR LAUTENBERG: Toll roads and the use of highway fund on toll roads appear to be one of the areas where you are proposing to generate additional funds for road construction. Since toll roads are more likely to be considered in major urban areas, and since you would permit up to 35 percent of the cost of such projects to be taken from a state's appropriated fund balance, do you think your proposal would cause states to unfairly shift money from rural areas to these major urban projects?

ANSWER: No, we do not think that our toll provision would result in a significant shift from rural to urban areas.

Although it is true that urban areas are more likely to have the traffic volumes which make tolls feasible, rural toll projects are not prohibited, and there are some successful toll projects in rural areas. Also, the lower Federal share for toll projects is unlikely to "skew" the project selection process unduly toward urban areas at the expense of rural areas.

Our legislative proposal contains provisions which seek to achieve a fair and equitable balance between rural and urban transportation needs. Thus, our proposal has many elements which focus on rural accessibility and connectivity.

TRUCK PRODUCTIVITY

SENATOR LAUTENBERG: An efficient and productive transportation system seems to be one of your goals. You have addressed that concern in almost every mode. Trucks today move almost 70% of everything produced in this country. How have you addressed productivity for the trucking industry.

ANSWER: System modifications envisioned in the Administration's bill will benefit the industry during this decade. Highway investment must be targeted to locations where efficiency will be maximized in order to provide the largest benefit for freight movements. Heavy trucks are major users of the highway system. For example, in 1989, 40 percent of all heavy truck travel occurred on the Interstate System. Designation of a National Highway System (NHS) of 150,000-miles would focus on main roads, interconnecting all major economic areas and be more limited than the present fragmented Federal-aid categories. Provisions for expansion of the Interstate System would be permitted (that meet current design standards) under this proposal. The primary objective is to maintain and upgrade facilities where the majority of travel occurs and where growth is anticipated. The designation of a National Highway System will include and rationalize the National Truck Network. A focused system will benefit the trucking industry because Federal funding will support improvements to highways that trucks use the most.

Benefits of highway investment can be seen in a number of ways, the most direct being reduced user costs (including operating costs, accidents and travel time). The difference between a road in good condition and one in poor condition can add 30 percent to the cost of operating a vehicle and 20 percent to travel time.

Congestion becomes the largest penalty the industry pays for inadequate highway investment. Time delay reduces the demand for trucking services by reducing speed and reliability. Congestion alone has been estimated to cost $150 billion annually. One-third of that cost is incurred on trips over 50-miles in length, primarily by trucks. Congestion is primarily an urban phenomenon and associated directly with the use of automobiles rather than trucks. Major features of the highway reauthorization proposal encourage efforts to move automobiles and passengers more efficiently on urban highways by investments in HOV lanes, demand management, operational improvements and more emphasis on multimodal alternatives. Improvements in urban travel will benefit commercial freight and intercity bus operations by reducing congestion.

The lack of uniformity of State vehicle registration and fuel tax reporting generates high administrative costs, of as much as $3.2 billion per year. Adoption of uniform requirements, a major element of the reauthorization proposal, will reduce such costs.

State economic regulation of interstate and intrastate rates, routes and operations of interstate motor carriers costs the industry from $4 billion to $6 billion per year. The reauthorization proposal would eliminate this unnecessary burden.

CDL BIOMETRIC IDENTIFIER

SENATOR LAUTENBERG: What is the status of the Report to Congress on the Commercial Driver's License Biometric Identifier?

ANSWER: Section 9105(a) of the Truck and Bus Safety and Regulatory Reform Act of 1988 requires the Secretary of Transportation to issue regulations establishing minimum uniform standards for a biometric identification system for operators of commercial vehicles. The Act also required the Secretary to carry out a pilot project to demonstrate the use of biometric identification systems for ensuring identification of operators of commercial vehicles. A report to Congress was not required.

The report on the pilot project was issued in May 1990. The results of that study show that neither of the biometric identifiers demonstrated — automated fingerprint identification system (AFIS) and retinal scan -- meet the standards previously established for such an identifier.

FHWA will soon publish in the FEDERAL REGISTER a notice supplying additional information to supplement the previously issued ANPRM on the biometric identifier. This notice states that the FHWA will take no further regulatory action until biometric technology develops sufficiently to meet the requirements and need can be more clearly established.

FHWA plans to initiate studies to assess the magnitude of the multiple license problem for drivers who have been issued CDLs. These plans include a study of the validity of social security numbers drivers are using to obtain CDLs, an assessment of the magnitude of the multiple license problem for drivers who have been issued CDLs, and a look at the array of information used by states and the CDLIS to identify drivers.

RSPA RULEMAKINGS DEADLINES

SENATOR LAUTENBERG: What is the Department's plan with respect to the Research and Special Programs Administration in meeting their deadlines for rulemaking and studies as mandated in the Hazardous Materials Transportation Uniform Safety Act (HMTUSA) of 1990 and the Sanitary Food Transportation Act (SFTA) of 1990?

ANSWER: RSPA has developed a general action plan to implement regulatory actions and studies required by the HMTUSA and SFTA. RSPA is using existing resources to initiate some of the mandated activities on a very limited basis, since funding to implement most of these regulatory actions and studies was not specifically appropriated for FY 1991. RSPA is seeking additional funds in its FY 1992 budget to conduct the required studies and rulemaking actions. However, the mandated schedules are overly optimistic for some of the required actions considering the complexity and scope of the issues to be addressed, and the need for extensive analysis and industry comment.

RSPA is completing contractual arrangements with the National Academy of Sciences to initiate the study on the need for and feasibility of establishing a central reporting system and computerized telecommunications data center.

WHERE ARE THE PIPELINE REGULATIONS?

SENATOR LAUTENBERG: Mr. Secretary, the Pipeline Safety Act will be up for reauthorization in this Congress. It has been three years since the last reauthorization, and your Department has done less than half of the required regulations from that legislation.

Last year, a ruptured pipeline spilled more than 600,000 gallons into the waters of New Jersey. In the light of that spill, this Committee took a hard look at your pipeline safety program last year and found serious problems. Now the GAO has reported that your program also has not complied with the requirements in the Clean Water Act to prevent water pollution from pipelines. What has been the problem in moving these pipeline regulations forward? Do we have to wait for a catastrophic gas explosion with major loss of life before the Department starts taking these matters seriously?

ANSWER: RSPA is working with the Environmental Protection Agency and the Coast Guard to develop a new spill prevention, control and countermeasure regulation which will comply with provisions of the Oil Pollution Act of 1990 (OPA). The provisions of the OPA are more stringent than previous statutory requirements. These regulations will be made applicable to pipelines as well.

During the time RSPA was developing the rules and beginning the studies mandated by the 1988 Pipeline Safety Reauthorization Act, three serious accidents occurred that resulted in immediate safety concerns that demanded our attention. These accidents were the October 1989 incident involving the fishing vessel Northumberland, the Kansas and Missouri service line explosions, and the ruptured Exxon pipeline resulting in the release of over 500,000 gallons of heating oil into the Arthur Kill waterway between New York and New Jersey. These accidents by necessity changed our rulemaking priorities to address:

- Inspection and burial of pipelines in shallow water in the Gulf of Mexico and its inlets. (P.L. 101-599, November 16, 1990, requires regulations by May 16, 1991.)
- Use of excess flow valves in gas service lines. (RSPA issued an Advance Notice of Proposed Rulemaking (ANPRM) on December 20, 1990, soliciting information on the feasibility of requiring operators to install these valves. The project is on NTSB's "Most Wanted" list.)
- Low stress level petroleum pipelines, like the one involved in the Arthur Kill spill. (RSPA issued an ANPRM on October 31, 1990, to investigate the need to begin regulating all or some of the low stress level lines and the impact of doing so. In 1969, the Department administratively excluded these lines from regulation because of the minimal perceived threat to safety.)

Further, the 1988 Pipeline Safety Reauthorization Act mandated promulgation of four major rules, with deadlines too short given the complexity of the subject matter, the administrative process required for review, and staff resources available at the time. Within the past year, RSPA's Office of Pipeline Safety has implemented organizational and management changes to redesign the regulatory development process for increased efficiency.

Three rulemaking projects on the 1988 mandated list remain unfinished, but they are well underway: state notification and pipeline inventory, carbon dioxide pipelines, and design of pipelines to accommodate pigs. This summary, we plan to issue a final rule on carbon dioxide pipelines and Notices of Proposed Rulemaking on the other two projects.

SENATOR LAUTENBERG: Both the GAO and this Committee has expressed great concern that your agency still does not know the locations and owners of all pipelines that could cause pollution. You don't even know the location of all the pipelines you are required to inspect. When are you finally going to publish the regulation mandating the reporting of all pipeline locations?

ANSWER: RSPA expects to issue a Notice of Proposed Rulemaking this summer. A final rule should follow in about a year. The 18-month statutory deadline was too short in view of RSPA's rulemaking agenda then in existence, the complexity of the subject, and the review process, including justification of additional paperwork burden on the industry.

While there is value in having the information the 1988 Pipeline Safety Reauthorization Act requires on pipeline location, RSPA's regional offices are familiar with operators in their area, including their systems, and the number and location of each of their inspection units. This information has become available through our historic oversight of pipeline operations and information that is already required to be maintained and submitted. RSPA, therefore, is not impeded in carrying out its inspection and enforcement missions and, consequently, safety has not been adversely affected as a result of delay in completing the mandated rule on reporting of all pipeline locations.

SENATOR LAUTENBERG: How do you expect to adequately prevent pipeline spills when you don't know where all the pipelines you are responsible for inspecting are located?

ANSWER: The delay in the location and pipeline inventory rulemaking has not impeded our ability to inspect pipelines and enforce the pipeline safety standards. Pipeline operators have essential pipeline information, including maps on hand to handle emergencies and to meet the need of inspectors checking for compliance with safety standards. The Research and Special Programs Administration's Office of Pipeline Safety and the state agencies participating in its cooperative enforcement program can reliably use the information and maps that operators have on hand to find out where pipelines are located for purposes of inspection.

RAIL SAFETY AND HAZARDOUS MATERIALS RULES

SENATOR LAUTENBERG: Mr. Secretary, state and local officials currently are preempted by federal law from writing citations and imposing fines when railroads violate federal rail safety and hazardous materials laws. A New Jersey state policeman can put a truck out of service if it is leaking dangerous hazardous materials, but he is powerless to bring a state enforcement action when the hazardous materials are leaking from a rail tank car. Would you support legislation to give states the power to adopt and enforce federal rail safety and hazardous materials rules in state court?

ANSWER: In enacting the sweeping preemption provision of the Federal Railroad Safety Act of 1970 (FRSA), Congress expressed its intent to create a nationally uniform rail safety regulator and enforcement program. However, in section 206 it provided for the participation of the states in that program, and 32 states with approximately 110 inspectors now participate. Just this past November, in the Hazardous Materials Transportation Uniform Safety Act of 1990, Congress amended section 206 to expand the scope of state participation to, for the first time, permit state inspectors to take action with respect to violations of the Department's hazardous materials regulations. Thus, as in all other phases of rail safety work, state inspectors will now be able to initiate enforcement action in response to leaking railroad tank cars or other such violations. In our national rail system, this cooperative federal/state approach best serves the cause of rail safety.

UMTA PROJECT MANAGEMENT OVERSIGHT

SENATOR LAUTENBERG: In the Surface Transportation and Uniform Relocation Assistance Act of 1987, the Congress gave UMTA the authority to use up to 0.5 percent of each fiscal year's funds to contract for project management oversight of major capital projects. To what extent do the project management oversight contractors oversee grantee compliance with federal requirements and/or management of project funds?

ANSWER: Section 23 of the UMT Act allows UMTA to use up to one-half percent of Sections 3, 9 and 18, Interstate Transfer-Transit, and Stark Harris funds to contract for services defined in Section 23(a) and (h). All of the contracted services under Section 23 support UMTA's review of recipients compliance with federal requirements and/or management of projects.

Specifically, Section 23(a) provides for oversight of major capital projects. These contract activities are collectively referred to as the Project Management Oversight Program (PMOP). The contracts with our oversight firms define Project Management Oversight as "...the monitoring of a project's progress in order to determine whether a project is on time, within budget, in conformance with design criteria, constructed to approved plans and specifications and is efficiently and effectively implemented. The purpose of the PMOP is to assure that a project results in a timely quality product."

Recipients of federal funds for major capital projects are required to prepare and implement a Project Management Plan (PMP). Key aspects of a PMP are: a description of the recipient organization and the project's budget, schedule, and quality assurance plan. A major effort of UMTA's PMOP contractors is the review and monitoring of a recipient's development and implementation of the PMP.

Section 23(h) authorizes compliance reviews for safety, procurement, management and financial areas, as well as audits. The focus of these activities is the review of a recipient's compliance with federal requirements. Areas contracted or to be contracted for under Section 23(h) include: triennial reviews, third-party contracts reviews, financial systems reviews, and financial capacity reviews.

SENATOR LAUTENBERG: Does UMTA plan to increase its use of project management contractors for monitoring compliance with federal requirements and use of federal funds? If so, describe. If not, why not?

ANSWER: Yes, UMTA is in the process of increasing its use of Section 23(h) funds to review recipients' compliance with federal requirements and to monitor recipients' use of federal funds. For example, UMTA will provide additional funds to continue contractor support for performing triennial reviews. This was initiated in FY 1990, and we plan to expand contractor assistance for this function in the future.

We also expect to award contracts in April or May for third-party oversight and technical assistance of our grantees' procurement processes. We are also obtaining contractors to assess the grantees' financial systems' ability to manage each phase of a major capital mass transportation project. This should also take place in April or May.

Efforts are also underway to award two financial review contracts prior to the end of this fiscal year to help grantees determine where funds will come from to build, operate and maintain their capital projects.

SENATOR LAUTENBERG: DOT has requested 31 additional staff positions to improve grant management oversight. What prompted the request? Will the additional staff be assigned to headquarters or regional offices? What specific activities would they perform?

ANSWER: The request for 31 additional staff positions was prompted by the need, noted on several occasions by the General Accounting Office and the DOT Inspector General, for increased grantee oversight to protect the Federal investment, primarily in the areas of project management, grants management, and third-party contracting. Twenty-six of the 31 positions will go to the regions, mostly as grant specialists, community planners and clerk typists. Five of the 31 positions will go to headquarters, to support triennial reviews, project management oversight, and third-party contracting activities. All positions except clerk typists involve, in one way or another, oversight of UMTA grants.

SENATOR LAUTENBERG: What types of contracts has UMTA entered into, i.e., covering what discipline (architectural, engineering, financial, accounting)? How many project management contracts has UMTA funded?

ANSWER: Under Section 23(a) activities, UMTA has entered into 20 architect/engineering contracts. Ten of these contracts have a period of performance from late 1986 through late 1991, and ten have a period of performance from late 1988 through late 1993.

Under Section 23(h) activities, three safety, two financial, one management, and one audit contract have been awarded. One procurement, two safety, and four financial review contracts are close to award.

SENATOR LAUTENBERG: Has UMTA used all the funds available for these contracts?

ANSWER: The one-half percent set-aside represents a ceiling on PMO activities. Had UMTA utilized the entire one-half percent drawdown available for PMO starting in FY 1986, the total amount available from 1986 to 1991, within the statutory ceiling, would have been $94 million. Through FY 1990, approximately $38 million has been obligated for PMO, with another $20 million expected in FY 1991, for a total of $58 million.

QUESTIONS SUBMITTED BY SENATOR BYRD

BRIDGE NEEDS

SENATOR BYRD: In West Virginia, the condition of the state's bridges is particularly serious. The Federal Highway Administration reports that 49.5 percent of the bridges on the federal-aid system (or 1,648 out of 3,328) are functionally obsolete or structurally deficient. In spite of this deplorable condition, the surface bill lowers the federal share for bridge costs from 80 percent to 75 percent. Not only does the proposal lower the federal matching ratio for bridges, but the dollar level apportioned to West Virginia would be reduced from $37.9 million in 1991 to $29.2 million in 1992 — a 23 percent reduction. What is the logic behind this change?

ANSWER: The FHWA has developed what we believe to be a more equitable way of dividing Federal bridge funds among the states more in keeping with each state's bridge needs. The new way of identifying bridge needs based on level-of-service does not involve a deficiency definition or sufficiency rating. The term "level-of-service" comes from the goal of trying to match the strength, width and clearance needs of a bridge to the "level" of traffic served by the various routes.

A state's investment requirements (bridge needs) have two factors: bridges needing replacement or rehabilitation, and bridge construction costs. Our proposal would identify the bridges needing replacement or rehabilitation based on level-of-service.

The level-of-service approach involves comparing National Bridge Inventory data on individual bridges against level-of-service criteria (a target value for load-carrying capacity, for example). The bridges not meeting the criteria are those needing to be replaced or rehabilitated.

Level-of-service will cause an increase in eligible bridges on the higher traffic volume highways. The apportionment of Federal bridge funds will be directed to projects on highways carrying the most traffic, highways carrying the most commerce, and the highways needing the maximum safety considerations. The results are in keeping with the objective of the National Transportation Policy.

EXISTING LEVEL OF CONTRIBUTION

SENATOR BYRD: What incentives exist for states to spend their funds on maintenance if they need every scarce dollar to come up with their increased matching needs?

ANSWER: Analysis of proposed match requirements on a state-by-state basis indicates that, in general, states will be able to meet their match requirements with funds they are currently spending on capital improvements that are not part of the Federal program. We do not believe that there will be a need for any state to divert money from maintenance to come up with their increased match requirements in the short term. However, we expect the states to eventually increase revenues for highways as they did following enactment of the 1982 Surface Transportation Assistance Act.

SENATOR BYRD: Doesn't there exist the perverse incentive to not spend maintenance funds, which are not an eligible federal expense, thereby allowing roads to fall into disrepair, so that those roads are then eligible to receive federal rehabilitation funds?

ANSWER: If there were an unlimited supply of Federal funds available, this might be true. However, it is not in the states' best interest to forego routine maintenance and allow a road to deteriorate to the point where it requires major repairs. From the perspective of either the highway user or the responsible state agency, following such a strategy would result in roads in poor condition for an unacceptably long time.

STATE MATCH

SENATOR BYRD: Mr. Secretary, in proposing that states contribute a higher match, did you assess which states had the capacity to come up with additional funds?

ANSWER: Yes, the states' capacity to participate in the higher program levels and matching ratios of the Administration's proposal was an important consideration in developing the proposal. While the states vary in their capacity to match funds, our assessment is that all states have the capacity to come up with the additional funds. Our proposal also recognizes that states will need time to adjust their finances to meet the additional funding requirements. For this reason, our proposal includes a temporary matching waiver provision to give the states a phase-in period to adjust their finances.

SENATOR BYRD: Which states in your analysis might have difficulty in raising additional funds, and which states will not have a difficult time?

ANSWER: We believe that state and local governments are vitally interested in highway investment and over the long term will raise the additional funds to match increased Federal funds. Because of different schedules for state legislative sessions and varying state priorities, it is not possible for us to predict which states would have any initial difficulty in matching the proposed program.

SENATOR BYRD: Does your proposal run the risk of having millions of Federal dollars going unclaimed because states will not be able to meet new matching requirements?

ANSWER: No, we do not think that there is risk of having millions of Federal dollars going unclaimed or unmatched because states will not be able to meet new matching requirements.

Many options exist for states to meet the increased share of the Federal-aid program. These options include the 25 percent match waiver provided in our bill for the first 2 years, use of funds already spent to "overmatch" Federal-aid projects, focused state-only investment on Federal-aid systems, private investment, toll financing, and increases in state and local revenue sources.

SENATOR BYRD: West Virginia already imposes a relatively high state tax on gasoline (20.35 cents per gallon). There are many states that assess much less. How have you considered a state's existing "level of effort" in determining apportionment factors?

ANSWER: Our apportionment formula was designed to provide as fair and equitable a distribution of Federal highway funds as possible, using factors related to the extent and use of highways in a state. Whether a state has or has not been able to raise its state motor fuel tax would not be relevant in this context.

SENATOR BYRD: If a state's existing level of effort was not considered, why not?

ANSWER: The proposal is not intended to reward or penalize states based on the 50 individual state tax codes. The primary goal of the proposal is to provide for a national system of highways to serve national needs for interstate commerce and to thereby enhance United States productivity.

DIFFICULTY FACTOR

SENATOR BYRD: The cost of constructing new highways varies considerably by state. The costs of constructing a road in mountainous terrain is considerably higher than a mile of highway constructed in a relative flat area. Have you included a "difficulty of construction" factor in your proposed formula for apportioning federal highway funds? If not, why not?

ANSWER: This cost differential based on mountainous terrain is not considered in our proposed bill, just as the cost differentials for handling climate or urban traffic are not considered. Studies conducted by GAO and FHWA have concluded that it would be impossible to equitably apportion highway funds based on climate, terrain, or other such factors. The reasons include the difficulty of quantifying and reaching political agreement on such factors. (GAO study "Highway Funding, March 1986; FHWA study "Section 137 Studies -- Climate and Apportionment, November 1983)

STATE SPENDING

SENATOR BYRD: Forty-one percent of West Virginia's highway expenditures are for capital purposes, with the balance (59 percent) spent for operations and maintenance. This reflects the fact that the state needs to spend a greater proportion of its highway dollars on operating its highway system (police services, bridge inspections, maintenance, snow removal, etc.), rather than building. Does your proposal reflect this relative difference among the states (i.e., between operations versus capital) when apportioning Federal funds?

ANSWER: No, the apportionment formula proposals do not specifically address relative operational and capital spending differences among the states.

Specifically, funds for the National Highway Program (NHP) would be apportioned 70 percent based on a state's ratio of highway motor fuel consumption, 15 percent based on public road miles, and 15 percent based on land area, with an adjustment for low population density. Funds for the Urban/Rural Program (URP) would be apportioned based on a state's share of contributions of Highway Account tax receipts, and funds for the Bridge Program would be apportioned based on level-of-service criteria. Each state would receive at least 1/2 percent of all NHP and URP apportionments and at least 1/4 percent of bridge apportionments.

With respect to proposed new formula factors for apportioning funds, the selection was based on the National Transportation Policy goal of making cost-effective use of resources in relation to public benefits. Potential new factors were considered based on the uniformity and accuracy of the underlying data and the appropriateness of the factor as a basis for distributing funds. While there are no "perfect" formulas and factors, factors should have certain characteristics such as basis in accurate and easily gathered data, and reliability. The most important characteristic for the factors is that the formulas yield a fair and equitable distribution of resources which relates closely to highway program goals and investment requirements.

SENATOR BYRD: Do you think that these state funded costs should have been factored into the highway apportionment formulas when developing your highway proposal? If not, why not?

ANSWER: The most important characteristic for the formulas in our proposal is that the formulas yield a fair and equitable distribution of resources which relates closely to highway program goals and investment requirements. In our opinion, considering state maintenance costs would not result in the most rational and efficient way of meeting needs. Our factors were selected to reflect highway investment requirements based on system extent and usage, and on data which should be objective, reliable, and easy to collect. Because there is no direct linkage or relationship between our selection criteria and state funding, it was not selected as a apportionment factor.

TAX COLLECTION

SENATOR BYRD: Is the Administration recommending that the new five-cents-per-gallon fuel tax be allowed to expire in 1995 (as now provided by law). What is your rationale?

ANSWER: The fuel tax increase was included in the 1990 Omnibus Budget Reconciliation Act primarily as a way to reduce the Federal deficit, although half of the tax increase was earmarked for deposit into the Highway Trust Fund.

Our proposal for surface transportation reauthorization would make use of that additional tax revenue over the reauthorization period, but it would not use all the interest that would accrue.

Given the current balance in the Highway Trust Fund and the interest that will be credited to the Trust Fund, we could continue the highway, highway safety, and transit programs at the 1996 level plus inflation into the post-reauthorization period at the nine-cent fuel tax level. A tax increase or program adjustment would be required in FY 1998 for highways and in the FY 1999 for transit.

Therefore, we did not propose that the fuel tax increase included as part of the budget agreement be maintained past the five-year timeframe of that agreement.

SENATOR BYRD: Do you believe that by then, sufficient progress will have been made in rehabilitating already deteriorating interstates, repairing deficient bridges, and adding the required new capacity?

ANSWER: The appropriate level of Federal spending for surface transportation programs and the appropriate user fees to support that level will be decided when the post-1996 reauthorization legislation is developed.

SENATOR BYRD: Given the Federal Highway Administration's own estimates that an average annual capital investment of $39.4 billion is needed for the existing system from now until the year 2005, what assurance can you give this Committee that those needs will be met by the Federal Government and the States?

ANSWER: Highway and bridge infrastructure is the responsibility of all levels of government and, increasingly, the private sector. The degree to which highway and bridge investment requirements are met will depend on the response by all of these responsible elements. The Federal-aid reauthorization proposal significantly increases the Federal commitment for these purposes. The proposed Federal authorization levels, including State match requirements and a modest State-only program is expected to be sufficient to bring total investment more in line with total investment requirements.

FEDERAL-AID MILEAGE

SENATOR BYRD: How did you settle on a 150,000-mile limitation?

ANSWER: The 150,000-mile limitation for the National Highway System was decided upon following an extensive planning study conducted by the Federal Highway Administration (FHWA) in cooperation with the American Association of State Highway and Transportation Officials, the State highway and transportation agencies and the metropolitan planning organizations (MPO). Initially, the States and MPOs were asked to identify candidate systems in urban and rural areas for a 120,000-mile NHS, a 150,000- mile NHS and, at the option of the States, an NHS larger than 150,000 miles. The candidate systems were evaluated to determine how well they served NHS objectives, e.g., national defense needs and connecting major shipping ports, international airports, international border crossings, etc. In addition, a special effort was made to evaluate system equity. Working with the candidate systems provided by the States and MPOs, the FHWA developed a 150,000-mile illustrative NHS which fully meets national objectives. The 150,000-mile illustrative NHS includes 105,000 rural miles and 45,000 urban miles.

SENATOR BYRD: How did you decide on the mileage limitations imposed on each State?

ANSWER: Mileage limitations have not been established for the official designation of the NHS. Initially, mileage targets were assigned to each State for identifying the 120,000-mile and 150,000-mile candidate systems; however, the mileage targets were only used as a starting point for the development of the illustrative NHS. During the evaluation of the candidate systems, the FHWA determined that the mileage targets for some States were not adequate to achieve all NHS objectives, particularly in urban areas. As a result, the urban mileage reflected in the 150,000-mile illustrative NHS was significantly increased. Adjustments were also made to the rural mileage to accommodate defense highway requirements, achieve interstate connectivity, account for differences among the States in road and traffic densities, and to provide service to major National Parks. Consequently, the mileage for the illustrative NHS varied significantly from the mileage targets for some States.

The Department of Transportation (DOT) has not decided on a specific procedure for designating the NHS. The FHWA is continuing to evaluate alternatives. A principal issue is system equity. The DOT strongly believes that system equity must be achieved in the designation of the NHS and is committed to achieving this important goal.

SENATOR BYRD: What specific factors were used for assigning each state a mileage limitation?

ANSWER: As discussed in a previous question, mileage targets were assigned to each State for identifying the 120,000-mile and 150,000-mile candidate systems; however, the targets only served as a starting point for the development of the 150,000-mile illustrative NHS. The mileage reflected in the 150,000-mile illustrative NHS varied significantly for some States from the initial mileage targets. Travel was the only factor used to develop the State mileage targets. However, other factors such as road and traffic densities, defense highway requirements, and interstate connectivity were also considered in developing the 150,000-mile illustrative NHS.

SENATOR BYRD: On a relative basis, was every state apportioned the same amount of mileage? (If not, why not?)

ANSWER: The mileage targets assigned to each State for identifying the candidate systems included separate targets for urban and rural areas. The urban targets were based on the national percentage of urban road and street mileage that serves 35 percent of total urban travel (for the 120,000-mile candidate system) and 40 percent of total urban travel (for the 150,000-mile candidate system). Thus, each State was assigned the same urban mileage target on a relative basis. The rural targets were based on a comparison of travel on rural arterials with travel on rural Interstate routes in each State.

In developing the urban component of the 150,000-mile illustrative NHS, a uniform percentage (6 percent) of urban mileage was used for all States. For the rural component, factors such as road and traffic densities, defense highway requirements, interstate connectivity and service to major National Parks were applied to help identify the illustrative NHS. If the rural component had been developed based on a uniform percentage of rural mileage, States with extensive rural road mileage would have received a disproportionate share of NHS mileage without consideration of the character of travel served by their road systems.

QUESTIONS SUBMITTED BY SENATOR SASSER

INCREASED STATE MATCH

SENATOR SASSER: Secretary Skinner, I'm concerned about your highway proposal's effect on States. States are in a very difficult situation. Nearly two-thirds of the States face budget shortfalls in 1991, and many may have to raise taxes to fill the gap. Your proposed highway program would force states to pay more by increasing their matching grant requirements by as much as 15 percent. Isn't the Department passing more costs to the States than they can reasonably handle?

ANSWER: States and local governments already invest independently on the Federal-aid system. Counting these investments, the Federal share of all expenditures by the Federal and State governments on the Federal-aid system is about 56 percent. Therefore, in many cases, the proposed reduction in the overall statutory Federal share from 83 percent to approximately 72 percent, in the short-term may rechannel State and local matching funds already spent on the Federal-aid system to federally assisted projects.

Many options exist for States to meet the increased share of the Federal-aid program. These include the 25 percent match waiver provided in our bill for the first 2 years, use of funds already spent to "overmatch" Federal-aid projects, focused State-only investment on Federal-aid systems, private investment and toll financing, increased local financing, and increases in State and local highway revenue sources.

In constant dollars, the additional amount States would have to raise is about the same as the increase required in the first year of the 1982 Act. Forty-seven states increased their revenue for highways in the three years following enactment of that law.

If States choose to cover increased match requirements by tax increases alone, most could obtain the needed revenues for 1992 with no more than a 2 cent per gallon fuel tax increase. Based on a Highway Users Federation survey, 27 States are expected to consider higher motor fuel taxes this year.

EFFECT OF BUDGET ON TRANSIT SYSTEMS

SENATOR SASSER: Secretary Skinner, in the budget you propose to eliminate the $500 million mass transit operating assistance program for major metropolitan areas with populations of one million people or more and to decrease spending for bus and rail new starts from $440 million to $300 million. How would these proposals affect the nation's urban transit systems and transit dependent populations? Would it mean higher bus and subway fares?

ANSWER: The impact of our proposals to reduce Federal operating assistance would depend on how local areas chose to accommodate the reduction. The $500 million only represents 4% of the operating costs for cities over one million people. Productivity gains and small service and fare adjustments can save $500 million.

Alternatively, the absence of Federal operating assistance may encourage the enactment of a dedicated source of funding for transit at the State or local level. For example, the transit systems in Houston and Cleveland are supported by dedicated sales tax revenue.

The decrease in new starts from $440 million to $300 million is more than offset by the proposed overall capital increase of $.5 billion for urban areas. Grantees, if they choose, can use some or all of this $.5 billion increase to fund new starts they deem worthwhile. Also, compensating for this new starts reduction is the fungibility of two FHWA programs. $3.9 billion in FHWA's Urban and Rural Program and up to $1.15 billion of FHWA's National Highway Program funds could be used to address transit needs.

ADEQUACY OF INFRASTRUCTURE BUDGET

SENATOR SASSER: Secretary Skinner, your 1992 budget request proposes to decrease transportation outlays below the baseline level, to $32.7 billion. In light of recent research showing the importance of public works investment to the competitiveness of our economy and the $50 to $80 billion annual transportation capital needs, do you think your transportation infrastructure budget is adequate?

ANSWER: The President's Budget proposes $33.5 billion in budget authority for FY 1992. This is a 9 percent increase over the FY 1991 enacted level of $30.7 billion in BA. The budgetary resources proposed for infrastructure total $23.9 billion BA; up 8.1 percent from FY 1991.

Our infrastructure request is adequate to meet needs. It is designed to increase Federal investment and also lever greater State, local and private investment. In our view, increased Federal funding compared to past years and statutory authorities to improve the efficiency of Federal grant programs (e.g., fungibility of highway and transit funds), and encourage private investment (e.g., toll roads, passenger facility charges) will generate the resources to address infrastructure needs and to ensure that transportation supports U.S. competitiveness.

AIR TRAFFIC CONTROL MODERNIZATION

SENATOR SASSER: Secretary Skinner, the Nation's air traffic control system has been allowed to deteriorate over time as the national airspace system plan has fallen behind schedule and over budget. The FAA has allowed the same modernization problems to go on year after year despite numerous warnings, recommendations from government and industry leaders, and fatal airline crashes involving air traffic control failures such as last month's crash at Los Angeles International airport. Secretary Skinner, what action should we undertake to reform the FAA's management of the air traffic control modernization effort?

ANSWER: The FAA and the Office of the Secretary are working together to make specific improvements to the management of the acquisition process. Many of these improvements take time to develop and implement. The FAA Executive Director for Acquisition has recently completed a model to help us streamline the way we conduct acquisitions in the future. New proposed acquisition policies and techniques will be compared to the existing model to determine how these new activities would affect the process. We have already substantially reduced the number of procurement orders, and will continue to streamline procurement policy over the next year.

In April 1990, the Office of the Secretary issued DOT Order 4200.14C, Major Acquisitions, which revised the review and approval process for major programs. The FAA implemented the Order through the issuance of FAA Order 1810.1E, Major Acquisitions, dated February 1991. The FAA Order establishes an FAA Acquisition Review Committee which will approve major programs at key decision points, review proposed changes to program schedules or costs which exceed thresholds established by the Acquisition Executive, and be a top-level oversight committee for the control of ATC modernization activities. The Executive Director for Acquisition will be the chairman of this committee, and a member of his staff will act as executive secretary. Recently, Administrator Busey delegated the authority to act as FAA Acquisition Executive to John Burt, the Executive Director for Acquisition.

Within the last year FAA has selected a number of very capable individuals to manage its major programs, selected business managers for their staffs, instituted new training programs for program managers and their support staff, and implemented the matrix management concept in the FAA. This stronger focus on program management, coupled with a higher level of acquisition oversight, should improve the total procurement process.

We are working to make improvements in a number of areas which will directly impact the quality and timeliness of major acquisitions which are now in the planning stages. These include: development of an improved requirements determination process; earlier development of acquisition strategy for new programs; and development of new policy to increase the use of commercial off-the-shelf (COTS) equipment and non-developmental items (NDI).

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

SURFACE TRANSPORTATION REAUTHORIZATION AND ENERGY PLAN

SENATOR MIKULSKI: Mr. Secretary, at the same time that you were preparing the Administration's Surface Transportation Reauthorization proposal, Secretary Watkins of the Energy Department was preparing the Administration's energy plan. Given that 60% of U.S. energy consumption is for the transportation sector, it seems to me that these two policies should be closely linked. How closely did the Department of Energy and the Department of Transportation work together in developing these plans? What is DOT doing to promote energy conservation?

ANSWER: The Departments of Energy and Transportation worked very closely in developing the National Energy Strategy. Both agencies participated as members of the interagency Economic Policy Council (EPC) Working Group on National Energy Strategy. The EPC Working Group was established in February 1990 to provide for interagency participation in energy policy development. Department of Transportation staff participated on eight of the eighteen sub-working groups established to analyze individuals energy policy areas. DOT participation focused primarily on CAFE standards, encouraging mass transit and ridersharing, alternative fuels and selected environmental issues. In turn, energy policy was considered in developing the Surface Transportation Reauthorization proposal. The proposal recognizes that transportation is responsible for almost two-thirds of U.S. oil consumption and provides for enhanced energy conservation and efficiency through improved operation of transportation systems and increased flexibility in funding. In addition to the funding provided for mass transit projects and the flexibility to use a large portion of the highway funding for highways or transit, states may chose from a variety of projects that encourage energy efficiency, ranging from HOV lanes to accommodations for pedestrians and bicyclists. Operational improvements and start-up costs for traffic management and control are eligible for funding under both the National Highway Program and the Urban and Rural Program. Such projects speed the flow of traffic, help relieve congestion and thus contribute to reducing energy consumption. Traffic demand management strategies for the Interstate System, including HOV facilities, will receive a higher Federal match than new capacity on the National Highway System, i.e., 90 percent versus 75 percent.

LEVEL PLAYING FIELD - HIGHWAYS AND TRANSIT

SENATOR MIKULSKI: The Administration's Surface Transportation Reauthorization bill drastically reduces the Federal commitment to public transportation. While increasing overall federal highway aid by almost 40 percent, it would keep federal transit aid stagnant. It proposes to fund highway improvements as a federal share of between 75 and 90 percent, while funding mass transit at a federal share of only 50 to 60 percent. The federal share of Section 9 mass transit formula funding would be reduced from 80 percent to 60 percent, and federal operating assistance would be eliminated for large cities. Why aren't you proposing a more level playing field between highways and transit?

ANSWER: Our surface transportation reauthorization proposal focuses Federal transportation resources on systems of national significance. The National Highway Program would provide funds for highways on the National Highway System, which will account for the great bulk of the movement of people and goods in interstate commerce. In view of the major Federal interest in the National Highway System, we propose basically to continue current Federal shares for this system.

With respect to other highways and to transit systems, we view the Federal role as subordinate — and supportive -- to that of State and local governments, because these highways and transit systems serve primarily local and regional travel. In order to facilitate the best decisionmaking at the State and local level for solving local or regional transportation problems, the funds we would authorize in the Urban and Rural Program for highways that are not on the National Highway System would also be available for transit capital projects. Similarly, most Federal transit funds would be available for highway projects. We would encourage State and local governments to use these fungible programs to advance those projects that they saw as the best investments to solve local transportation problems.

Over the five-year period covered by our reauthorization proposal, an average of $4.4 billion in Urban and Rural funds and $2.7 billion in transit funds would be available for highways and transit each year. Also, States could transfer up to 15 percent of their National Highway Program funds (provided they were adequately maintaining their Interstate routes) to the Urban and Rural Program and thereby increase the amount of highway funds available for transit. Ultimately, it would be State and local governments that would decide how much of these funds would be used for highways and for transit.

The Federal shares for the Urban and Rural Program and the transit formula program are both 60 percent in order to provide a level playing field within the programs that are available for either highway or transit projects.

A goal of our bill is to promote greater use of transit and multiple occupant vehicles, but it is important to recognize that, even if we are very successful in moving in that direction, the Nation will still have major highway investment needs that must be addressed. If we could double transit ridership nationwide and all the increase were assumed to come from single-occupant vehicles traveling in urban areas in peak hour, we would reduce the amount of peak hour urban Interstate travel that occurs under congested or highly congested conditions (i.e., with volume exceeding 80 percent of capacity) by one percent or less — from 70 percent of such travel to 69 percent.

Our bill would provide an unprecedented degree of flexibility for State and local governments to use Federal funds provided to address primarily local or regional transportation problems to fund the best solutions to those problems. At the same time, it is consistent with the Federal government's constitutional responsibility to promote interstate commerce.

SPEND-DOWN OF TRANSIT TRUST FUND

SENATOR MIKULSKI: The Administration's Surface Transportation Reauthorization bill proposes a spend-down of the transit trust fund. Your program will leave virtually no money for transit in the trust fund at the end of 5 years, and the gasoline tax will have already sunsetted. How do you propose to fund mass transit after that time?

ANSWER: Under our proposal, aggressive use would be made of both the Highway Account and the Mass Transit Account of the Highway Trust Fund. Over the years, concern has been expressed about the balances in the Trust Fund. By the end of FY 1996 under our proposal, the cash balance in the Mass Transit Account would be $8.6 billion (compared to $8.4 billion at the end of FY 1991), and the portion of that balance that would be in excess of commitments (i.e., a surplus) would be reduced from $3.6 billion to $425 million. We have not proposed continuation of the motor fuels tax increase included in the Omnibus Budget Reconciliation Act of 1990 beyond 1995 because it would not be required to support our proposed funding levels through the period of reauthorization. Both the highway and transit program could continue into the post-1996 period without continuing the tax increase, but at some point either a tax increase or program reduction would be required for both the highway and transit programs. The appropriate spending and tax levels will have to be addressed as the post-1996 reauthorization legislation is being developed.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

REAUTHORIZATION OF THE SURFACE TRANSPORTATION ACT

SENATOR D'AMATO: We note that the FHWA proposes a 26 percent increase in funding for the Highway Program over the five years of the Act. This will just about keep up with inflation. However, the proposed funding levels for transit hardly increase at all (from $3.2 to $3.3 billion) resulting in a decrease in "real dollar" funding when inflation is considered. How can the proposal be amended to have transit funding at least keep up with inflation? Could this be achieved by having funding of "New Starts" come from General Appropriations, rather than the Trust Fund?

ANSWER: It has long been our goal to make maximum use of user fees in supporting transportation programs. Hence, the President's Budget proposes to fund the transit program from the Highway Trust Fund. If our proposed levels (excluding Washington Metro) were increased in line with inflation, as you suggest, the FY 1992 trust fund level would be $3.326 billion rising to $3.824 billion in FY 1996. The transit account of the Highway Trust Fund could support inflation adjusted funding levels through FY 1996, but not beyond. We did not propose these levels given overall funding constraints imposed by the 1990 Budget Reconciliation Act and our priorities for Federal funding. However, we did propose that once the Interstate Transfer program ends in FY 1993, $160 million now dedicated to that program would be reallocated to other transit programs. Hence, although the total program levels do not increase until FY 1995, there is real growth after FY 1993.

SENATOR D'AMATO: We understand that Trust Fund money is being substituted for General Fund appropriations to keep the transit program at the proposed funding level and that this will deplete the Mass Transit Account. Can you tell us what the balance of the Mass Transit Account will be at the end of the proposed program? What is the impact on our ability to finance a program in 1997 from the Mass Transit Account?

ANSWER: Our reauthorization proposal will virtually eliminate the surplus in the Transit Account; the surplus (uncommitted cash balance) would drop from $3.57 billion estimated for FY 1991 to $425 million at the end of FY 1996. By FY 1997, the Transit Account would be overcommitted, as is permitted by law. The Rostenkowski Amendment allows current commitments to exceed cash balances by no more than the income for the following year. The estimated cash balance at the end of the reauthorization period, FY 1996, will be $8.6 billion.

For 1997, there would be no problem with continuing the proposed FY 1996 level of $3.32 billion. However, an adjustment in program level or in revenues would be required for FY 1999.

The above analysis reflects the Administration's proposal to not renew the five cent motor fuel tax increase when it expires in 1995. Revenues generated from one-half cent (of five) are deposited into the Transit Account. However, if one assumes that the increased revenues are continued, then under the Administration's reauthorization proposal, the surplus would be $861 million at the end of FY 1996, and the program would continue at the FY 1996 level until about FY 2003 or 2004 without violation of the Rostenkowski Amendment.

SENATOR D'AMATO: We note that the non-Federal matching share for all transit projects is proposed to be doubled (from 20 percent to 40 percent.) This change will impose severe hardships on the smaller transit operators. Considering the small proportion of the program allocated to such operators and the minor relative impact of the increased matching share on the $3 billion national program, would it be desirable to consider amending the proposal to exempt small operators from the increase in matching requirements and continue their current level (20 percent)?

ANSWER: We proposed the increased local share requirement in order that Federal funds would lever more State and local funding into transit to help address recapitalization needs. In addition, we believe that the higher local share will encourage sound projects by increasing the State and local commitment to the projects selected. Finally, we set the local share requirements for the transit formula program and the highway Urban and Rural Program at the same level to assure consistency to make the flexibility provisions of both programs workable. We believe that it is best to keep the matching levels for all urban areas--between companion transit and highway programs--at the same level.

FUNDING FLEXIBILITY

SENATOR D'AMATO: The Administration's reauthorization proposal would enable all transit funds to be used for highway projects if certification is made that transit needs are met. However, only a limited amount of highway funds (urban/rural and up to 15% of the National Highway System funds) could be used for transit projects. I understand that "flexibility" in transportation planning is the goal here; however, given our pressing environmental concerns and obligations under the Clean Air Act, why is this flexibility biased towards building more roads?

ANSWER: Under our proposal, about $2.6 billion of our proposed $3.3 billion authorization for Federal transit assistance for FY 1992 would be available for highway projects. The authorization of $300 million for new starts is restricted to use for construction of new fixed guideway systems and extensions to such systems. In addition, $160 million would be for Interstate Transfer-Transit projects, and $140 million would fund transit-related planning and research and development and administrative expenses of the Urban Mass Transportation Administration. Over the five-year period, an average of $2.7 billion of Federal transit authorizations would be available for highway projects annually.

By comparison, an average of $4.4 billion per year would be available for transit projects from the Urban and Rural program within Federal-aid Highways. If all States transferred 15 percent of their National Highway Program funds to the Urban and Rural program, a total of $5.75 billion in Federal-aid Highway funds would be available for transit projects on average each year — that is, more than twice the average amount-of transit funds available for highway projects.

Funds spent on highways can also help address our air quality problems. Congestion increases the impact of auto traffic on air quality, and measures to reduce congestion help improve air quality. We have emphasized better use of existing facilities through, for example, a 90 percent Federal share for HOV lanes and operational improvements on the Interstate System. States will be required to have Congestion Management Systems, and, in areas over 200,000 population, they will have to be coordinated with the process to develop the transportation element of the State Implementation Plan required by the Clean Air Act. In areas over 200,000 population, highway projects that would significantly increase the vehicle carrying capacity of a transportation corridor may not be approved unless they are consistent with the Congestion Management System.

One important step to help achieve air quality goals may be the imposition of congestion pricing, which the Secretary would be authorized to approve in cities over 1 million population that are experiencing significant air quality non-attainment problems.

Overall, we think our proposal strikes the appropriate balance between meeting the Federal responsibility to facilitate interstate commerce and supporting State and local governments in their efforts to make the best investments to solve local and regional problems.

TRANSIT OPERATING AID

SENATOR D'AMATO: If we are serious about meeting our clean air goals and want to reduce congestion, why cut transit?

ANSWER: Transit funding is not being cut. Priorities are being reorganized. In 1991, urban mass transit systems received $.8 billion in federal operating assistance and $2.2. billion in federal capital assistance. In 1992, we are proposing $.3 billion in operating assistance and $2.7 billion in capital. Urban capital funding would be provided from Formula Grants, Discretionary Grants and Interstate Transfer Grants—Transit. In addition to this $2.7 billion, $3.9 billion in FHWA's Urban and Rural Program and up to $1.15 billion of FHWA's National Highway Program funds could be used to address transit needs.

The only "reduction" we are proposing is $500 million in operating assistance to cities over one million population. In our view, the Federal priority for transit funding is infrastructure needs, not operating needs, so those funds would still go to cities over one million, but would only be available for capital.

Productivity gains and small service and fare adjustments can save $500 million. The $500 million reduction represents only 4% of the operating costs of cities over one million population.

FUTURE OF PAN AMERICAN WORLD AIRWAYS

SENATOR D'AMATO: You are very familiar with the problems now facing Pan American Airlines. With your approval, Pan Am has arranged to sell its London route to United. However, in the course of bilateral talks with the U.S. Government the British Government has asked for many concessions regarding their ability to penetrate the U.S. market. Pan Am needs the $290 million that the route sale would yield in order to keep operating. I understand that those talks are currently underway. What is your assessment of the likelihood of resolving this matter with the British BEFORE Pan Am goes under? Are you making clear to the British that it is not in their interest, or ours, to lose Pan Am?

ANSWER: Talks between the United States and the United Kingdom on transatlantic air services, including our ability to substitute different U.S. carriers at Heathrow, have reached a successful conclusion. Among other things, the agreement provides that two U.S. and two U.K. airlines of each Government's choice may operate from Heathrow to the United States, and that U.S. replacement airlines will receive the full benefit of the level of flights that had been approved for Pan American and TWA at Heathrow. While the replacement airlines can not grow as quickly at Heathrow as Pan American and TWA could have, U.S. airlines will be able to offer the same number of Heathrow flights to each U.S. city as U.K. airlines do, and the U.S. airlines may offer additional flights from Gatwick or Stansted. This paves the way for the transfer of Pan Am's London routes to United. A copy of the Elements of the agreement follows.

(1) Two U.S. and two U.K. airlines of each Government's choice may operate from Heathrow to the United States. The choice of airline may be changed.

(2) The United Kingdom has four opportunities to add an additional U.K. airline at U.S. cities already being served by one or more U.K. airlines. Maximum number of U.K. airlines at any U.S. city is three.)

(3) a. U.K. airlines may hold out service in the United states under code-share arrangements to all U.S. cities from which U.S. airlines hold out service to the United Kingdom.

b. Both U.S. and U.K. airlines may enter into code-share arrangements in markets where they have the right to operate their own aircraft.

(4) a. [illegible] addition to operating to Heathrow from U.S. gateways named in the Agreement, U.K. airlines may operate service to Heathrow from any U.S. gateway city that is not also a gateway city for U.S. airlines (e.g., Pittsburgh, Tampa, Orlando, San Diego, San Juan).

b. U.K. airlines may operate to Heathrow from any U.S. gateway city if the flight operates via a third-country (for example, flights via Canada).

c. Both U.K. airlines at Miami may serve Heathrow (only one of the two U.S. airlines at Miami may serve Heathrow).

(5) a. U.K. airlines may own up to 50% of an another EC airline and the U.S. will not question the nationality or control of the EC airline based solely on the U.K. ownership interest.

b. U.K. airlines are guaranteed approval, under certain conditions, of joint ventures with airlines of Belgium, France, Germany, Luxembourg, The Netherlands, and the Republic of Ireland. U.S. authorities will give sympathetic consideration to arrangements with other countries.

c. U.K. airlines may operate a limited number of flights from the United Kingdom via points in Belgium, France, Germany, Luxembourg, The Netherlands, and the Republic of Ireland.

(6) Western Hemisphere beyonds:

a. U.K. airlines may select five more of their U.S. gateways for service to Canada (seven U.S. cities are currently available for service between the U.S. and Canada).

b. U.K. airlines may select five more of their U.S. gateways for service to Mexico City (five U.S. cities are currently available for service between the U.S. and Mexico City).

c. U.K. airlines may select three of their U.S. gateways for service to Venezuela, Colombia, Peru, Chile, Bolivia, and Earador (service between these countries and San Juan and between Atlanta and Venezuela, Columbia and Peru is currently authorized).

(7) Pacific beyonds:

a. U.K. airlines may select three of their U.S. gateways for service to New Zealand, Singapore, Indonesia, Malaysia, Korea, Taiwan.

b. U.K. airlines received new rights to carry traffic between Seattle and Australia on seven flights a week.

(8) U.S. replacement airlines will receive the full benefit of the level of flights that had been approved for Pan American and TWA at Heathrow. The replacement airlines can not grow as quickly at Heathrow as Pan American and TWA could have (a match of British service rather than the ability to take the lead in adding additional flights); however, U.S. airlines will be able to offer the same number of Heathrow flights to each U.S. city as U.K. airlines do. In addition, the U.S. airlines may offer additional flights from Gatwick or Stansted, the other major airports serving London.

SENATOR D'AMATO: Are you concerned that if Pan Am cannot keep operating and successfully reorganize that the aviation marketplace will be dominated by several large carriers?

ANSWER: No. The aviation marketplace will continue to be very competitive whether or not Pan Am continues to operate. Pan Am is not a major player. It is the eleventh largest carrier domestically, accounting for about 2 percent of total Revenue passenger miles (RPM's). On a system basis Pan Am is the eighth largest U.S. carrier, accounting for less than 7 percent of total RPM's, and that position will drop, at least in the short run, as a result of the transfer of its Heathrow rights to United.

SENATOR D'AMATO: Can there really be competition if only 3 or 4 large carriers survive the upheaval in the aviation industry?

ANSWER: The airline industry is not likely to consolidate to only 3 or 4 large carriers. It is more likely that at least 6 large carriers and several smaller carriers will survive. The airline industry has been through a truly difficult time. It has experienced tremendous fuel-price increases and traffic declines due to the downturn in the national economy and the Gulf war. The result has been losses that have led weaker carriers to slash fares in an effort to accumulate cash, which further complicated the ability of all carriers to increase revenues to offset cost increases.

It is entirely possible that still more consolidation will occur before the industry is able to recover from this. Nevertheless, the crisis clearly is easing. Fuel prices are headed down, we now see signs that traffic is beginning to recover, and we expect the economy to begin a recovery as well. There is every reason to believe that more than four carriers will continue to operate after the current financial crunch is over and that the system will continue to be very competitive.

An airline system consisting of 3 or 4 large carriers would be workably competitive. The principal reason for this is the way the hub-and-spoke system of service works. This system is here to stay because it provides a superior service to the traveling public, and the very underlying strategy of hubbing virtually demands that carriers compete for over-hub traffic. The fact is that as the number of airlines has declined through mergers, acquisitions and failures in the past 5 years, the industry has simultaneously become more competitive because carriers now compete with each other in most major markets through their nationwide hub-and-spoke networks. The fundamentally competitive nature of the industry has created a system that practically guarantees active competition even with fewer players than we have today.

SENATOR D'AMATO: Pan Am employs over 12,000 people in New York State and I am obviously concerned for their jobs. What can DOT do to help this carrier survive? Do you see a role for DOT in helping to preserve competition?

ANSWER: The Department has an important role in preserving competition which, in turn, will help smaller carriers to survive. We will exercise our regulatory responsibility regarding route sales and other asset transfers with an eye on the competitive implications. One example of this is how hard we worked to reach an early, successful conclusion of the Heathrow talks with the British which was clearly important to Pan Am's survival. Another way we can affect the competitive balance is to resist asset transfers which might consolidate an already dominant carrier's position at a hub airport to the detriment of other carriers, such as at Washington National Airport, where recently we worked with the Justice Department to ensure that Eastern's gates and slots were sold to Northwest, a minor player in Washington, rather than to United which already had a hub at Dulles.

We intend to work with Congress on the issue of foreign investment in U.S. airlines to determine if more foreign investments would be desirable and we are thinking creatively about whether it might be appropriate to allow cabotage, or foreign competition in our domestic markets.

SENATOR D'AMATO: Some in the industry have proposed allowing troubled carriers to retain the 10% ticket tax as a loan. What are your views? Are there any other financial tools available to help preserve competition?

ANSWER: We are very much opposed to this. Providing the airlines with funds in this manner would come at the expense of the Treasury and other aviation needs, and would establish the precedent of allowing industry to keep federal tax dollars. In addition to these practical difficulties, any form of direct financial assistance by the federal government may not work as intended. For example, not all carriers need any financial assistance, which means we would have to pick and choose which carriers would receive assistance. Given the very competitive circumstances in the airline industry today, providing selective assistance may cause distortions in the normal workings of the marketplace that would have undesirable long-run consequences.

Assisting a carrier in the latter category is more likely to result in destructive competition, which wastes other carriers' capital resources, than to enhance the longer-run competitive outlook of the industry. Carriers that have structurally sound systems will be able to weather the temporary problems that confront them today.

SENATOR D'AMATO: The CRAF (Civil Reserve Air Fleet) program has been activated for the first time to help transport our 500,000 troops in the Gulf. If we lose Pan Am and other U.S. carriers we have to rely on foreign carriers for any future troop deployments. What are your views on that possibility?

ANSWER: This is not likely. The ability of the CRAF program to meet future transport needs hinges not upon the number of carriers operating, but the total number of aircraft in the combined fleets of U.S. air carriers. An example of this is the fact that the number of aircraft in the fleet has increased substantially subsequent to 1984, at the very time when the airline industry was consolidating. The carriers have been forced to add tremendous amounts of capacity into the system to accommodate traffic growth which has occurred as a result of the low fares and superior service the very competitive aviation system has produced.

INEQUITIES BETWEEN TRANSIT AND HIGHWAYS

SENATOR D'AMATO: The Federal share for mass transit projects is proposed to be 60 percent under the Administration's Surface Transportation Act. The Federal share for most of the highway projects is proposed to be 75 percent and 90 percent. The Department states that state and local governments would do better mass transit projects if they put more of their own money into them. If you believe that a higher state and local share brings about better projects, then why not apply the same criteria to the highway match?

ANSWER: In fact, the Federal matching share for the Urban and Rural Program projects is 60 percent, the same as for the mass transit projects. The ratios were made the same because of the flexibility given to the states to use highway or mass transit funds for either highway projects or transit projects, as their priorities would indicate. The higher Federal shares of 75-90 percent are reserved for investments that are in the highest national interest and that carry out the Federal constitutional responsibility for interstate commerce.

SENATOR D'AMATO: In light of our nation's commitment to reduce congestion and pollution, why does there continue to be a bias toward highway over transit projects in the federal Surface Transportation proposal?

ANSWER: We would not agree that our proposal represents a bias toward highway projects. Consistent with the National Transportation Policy, our proposal focuses Federal transportation resources on systems of national significance. The Federal government's role in surface transportation is primarily to facilitate the movement of people and goods in interstate commerce, and the great bulk of that movement will occur on the highway routes that will be included in the National Highway System. We have proposed to authorize funds specifically for use on that system in order to facilitate interstate commerce.

With respect to other highways and to transit systems, we view the Federal role as subordinate — and supportive — to that of State and local governments, because these highways and transit systems serve primarily local and regional travel.

In total, our bill proposes $87.7 billion in highway funding and $16.3 billion in transit funding over the next five years. Our proposal for transit constitutes an increase over the enacted level — the first such increase in an Administration budget in a decade. The split between highways and transit in our proposal is not out of line with U.S. travel patterns. Of all journey-to-work trips taken on highways and transit, 93 percent are made on highways. In terms of passenger-miles-of-travel, about 98.5 percent of the total of highway and urban public transportation passenger-miles-of-travel is by highway -- 2.4 trillion miles by highway in 1987 versus 35.4 billion miles by transit. If we are very successful in moving people out of single-occupant vehicles into car pools or transit, as we must do and as our bill would encourage, we would still have a very big job on the highway side to meet the needs of highway travel.

In order to facilitate the best use of Federal funds to meet local and regional transportation problems, the funds we would authorize in the Urban and Rural Program for highways that are not on the National Highway System would also be available for transit capital projects, and most Federal transit funds would be available for highway projects. In order to ensure a "level playing field" in how these funds would be used, if Federal transit funds were used for highway projects, either the non-Federal matching funds would have to be available for highway or transit projects or there would have to be a sufficient source of dedicated transit funds. Also, the Federal share for these funds would be 60 percent.

QUESTIONS SUBMITTED BY SENATOR KASTEN

MILWAUKEE TRANSIT PROJECT

SENATOR KASTEN: Mr. Secretary, flexibility for the states is one of the hallmarks of your surface transportation's proposal. As we look to most efficiently use the funds coming to our states, and with particular reference to projects in Wisconsin, I would hope that DOT will help us assure the flexibility in the use of funds that will reflect today's priorities rather than those of prior years. Specifically, a bus transit project for the Milwaukee area has been included in our Interstate Cost Estimate for $265 million. Language for substitution eligibility currently in the highway proposal does not seem to be broad enough to permit Wisconsin the flexibility to apply these funds to various transit or highway projects still in the planning stage. Can the Department assist us in enacting the kind of legislative language that will preserve our options?

ANSWER: Section 104 of the Department's highway/transit proposal allows flexibility in use of Interstate construction funds. If a state chooses to not build an Interstate project on an open to traffic section built with Interstate funds, an amount equal to the project cost may be transferred to the National Highway Program for use on other highway projects.

There is also flexibility in use of rural/urban program funds being made available to states. These funds may also be used for transit projects.

Our proposal does not provide for the withdrawal of the lanes and substitution of projects similar to the special legislation included in Sections 141 and 142 of the 1987 STURAA. In response to your specific request, we can provide technical assistance in developing legislative language to allow the substitution of transit projects for Wisconsin busway projects.

BRIDGE FUNDING

SENATOR KASTEN: One aspect of the highway proposal that adversely affects my state, and Illinois, is the treatment of bridge funding under the new highway proposal. I cannot accept a proposal that reduces our bridge share by perhaps 30 percent over last year's amount. Could you look into this problem which affects the entire Midwest, and explore ways with me that we can remedy this inequity?

ANSWER: Wisconsin will have a decreased bridge apportionment, but Illinois and some of the other Midwestern states will have increases. The changes are due to the level-of-service approach to identifying bridges needing to be replaced or rehabilitated, and to changes in state bridge construction costs.

The FHWA has developed what we believe to be a more equitable way of dividing Federal bridge funds among the states in keeping with each state's bridge needs. The new way of identifying bridge needs has been given the name level-of-service approach and does not involve a deficiency definition or sufficiency rating. The term "level of service" comes from the goal of trying to match the strength, width and clearance needs of a bridge to the "level" of traffic served by the various routes.

A state's investment requirements (bridge needs) have two factors: the state's bridges needing replacement or rehabilitation, and that state's bridge construction costs. The change is in identifying the bridges needing replacement or rehabilitation. This is done by a level-of-service approach.

The level-of-service approach involves comparing National Bridge Inventory data on individual bridges against level-of-service criteria (a target value for load-carrying capacity, for example). The bridges not meeting the criteria are those needing to be replaced or rehabilitated.

Level of service will cause an increase in eligible bridges on the higher traffic volume highways. Level-of-service results are in keeping with the objective of the National Transportation Policy. Federal funds will be directed to projects on highways carrying the most traffic, highways carrying the most commerce, and the highways needing the maximum safety considerations.

CG HELICOPTER ENGINE

SENATOR KASTEN: The safety of the Coast Guard HH-65 Search and Rescue helicopter continues to worry me. I understand that just last week there was another engine failure in one of these aircraft over Hawaii. Though not at all complimentary of the T-800 engine, I understand that the DOD report requested in last year's Transportation Appropriations bill, with a rather severe methodology employed that was beyond my understanding of what was to occur, does not recommend going forward with the proof of concept for a commercially available alternative engine favored by the House Transportation Appropriations Subcommittee and several in the Senate as well. Time between overhauls for the LTS-101 continues to be 25% of the specified 2400 hours. Pilot confidence is low and affects the way aircrews are flying their missions. How is the Department going to proceed to protect not only our Coast Guard personnel and equipment, but the public as well?

ANSWER: One year ago, the Coast Guard was removing the LTS-101 engine approximately every 250 hours. There was a fleet-wide average of 15 aircraft on-the-ground awaiting engines.

Since the introduction of the Insertable Bladed Power Turbine (IBPT) wheel and the institution of the power-by-hour contract for engine maintenance with Lycoming in July 1990, the average time between engine removals has more than doubled to 525 hours, and we expect this improving trend to continue. The engine removal for hot section inspection, previously scheduled for 600 hours, has been extended to 800 hours based on improved engine performance. The scheduled engine removal for overhaul remains at the originally specified 2400 hours. Today, there is at least one spare engine at every air station, and the Coast Guard has nearly eliminated the instances of aircraft on-the-ground awaiting engines. In December 1990 and January 1991, the Coast Guard achieved its HH-65A availability goal of 71%, up from a 56% availability rate in recent years.

Throughout the LTS-101 engine problems, the Coast Guard has always provided proper protection for its personnel and equipment, and the public. The aircraft were safe to fly, but they did need excessive maintenance to keep them in that condition. The recent across-the-board improvements in LTS-101 engine performance have eased the maintenance required to ensure the proper level of safety.

PFC REVENUE FOR SMALLER AIRPORTS

SENATOR KASTEN: Concerning the proposed PFC regulations, I understood that the airports would be allowed to use PFC revenue for the local matching share on AIP projects. Many smaller airports including some in my own state would benefit from such a approach toward increasing the capacity of the system. Why is this not part of the proposed regulations? Would you support the inclusion of such a provision in the final rule?

ANSWER: The proposed rule would not allow PFC revenue to be used to match Federal airport grants. We view the PFC as an additional source of revenue to meet critical airport capacity needs. To the extent that PFC revenue is used to replace the funds currently used to match Federal funds, it will not help to increase the level of new investment. The NPRM raised questions about this approach and many comments have been received on it. DOT will consider those comments, but it would be inappropriate at this time to comment while we are in the midst of the rulemaking process.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

HIGHWAY SAFETY PROGRAMS

SENATOR DOMENICI: Mr. Secretary, this year's budget request, in conjunction with the Administration's proposal for the reauthorization of our nation's highway programs, has significantly increased the emphasis on highway safety. Of particular note is the emphasis on alcohol and drug abuse and its profound detrimental effect on driving safety. Mr. Secretary, would you please comment on the priority you have given to the highway safety programs in this year's budget request?

ANSWER: We have given highway safety a very high priority this year. FY 1992 is the first year of our proposed reauthorization legislation which increases the funding for FHWA and NHTSA highway safety grants — including alcohol incentive grants — by $55 million, a 38% increase over FY 1991.

SENATOR DOMENICI: How do you propose to target the increase levels of aid to states with the greatest need?

ANSWER: We did not target the funds in this way. Rather, we are using the increased funding to give bonus grants to those states that adopt proven legislation and programs to improve highway safety. In 1992, states that have safety belt use laws, that meet the Section 408 and 410 alcohol provisions, and that have low or significantly decreasing fatality rates will benefit both from their new legislation and programs and from the additional bonus funding.

SENATOR DOMENICI: What is the most recent evidence of the effectiveness of these programs?

ANSWER: The evidence of the effectiveness of our impaired driving program is that the percentage of traffic fatalities that were alcohol related dropped from 57% in 1982 to 49% in 1989, and the number of alcohol related fatalities dropped from 25,200 to 22,400 in this same time period.

Use of safety belts has increased from less than 15% in the early 1980's to nearly 50% today. This has been in large part, the result of our safety belt use programs and state legislation requiring safety belt use. The increased use has resulted in the saving of an estimated 4,500 lives in 1990.

Finally, we are working to increase the efficiency and effectiveness of emergency medical systems (EMS). Where comprehensive EMS systems are in place, the preventable mortality from injuries has dropped by 20 to 30 percent, and overall mortality has gone down by 10 percent.

Our highway safety programs, along with improvement in vehicle safety, have contributed to the record low fatality rate of 2.1 per 100 million vehicles miles travelled in 1990.

AMTRAK AND RAIL SERVICE REDUCTIONS

SENATOR DOMENICI: Mr. Secretary, while your budget request does propose a $480 million Amtrak subsidy, this represents a significant decrease in Amtrak funding from last year. You have offered several legislative proposals and management changes intended to reduce Amtrak's need for federal funds. Would you please discuss the Administration's philosophy on Amtrak subsidy?

ANSWER: The President's Budget request for Amtrak is based on a self-sufficiency strategy to reduce Amtrak's need for Federal operating subsidies within the next ten years. This strategy relies heavily on a series of legislative, management, and labor initiatives to help Amtrak eliminate excess costs and reduce the operating deficit. The strategy also recognizes that the Federal government must take a leadership role in providing capital to help replace aging equipment, accommodate growing demand, and preserve existing infrastructure. We believe that this is essential in order to help Amtrak increase revenues and reduce the requirement for Federal operating subsidies.

As part of this strategy, the Department is preparing legislation that incorporates measures to help Amtrak reduce its operating costs in order to achieve this goal. Major components of the legislation include: repeal of the Federal Employer's Liability Act (FELA) to provide for coverage of Amtrak employees' injury claims under individual state workers' compensation programs; amendments to require states to pay for the operating losses of 403(b) and 403(d) train service that Amtrak is statutorily required to operate; and an amendment to require Northeast Corridor commuter authorities to pay their fair share of the costs for use of the Northeast Corridor. The authorization levels will be consistent with a budget that: (1) provides capital to help Amtrak replace its aging equipment; and (2) reflects continuing progress in reducing the need for Federal operating subsidies.

SENATOR DOMENICI: How did you arrive at this particular proposal for funding?

ANSWER: DOT worked with Amtrak and OMB in developing estimates of FY 1992 revenues, expenses, and subsidy requirements. With regard to the operating subsidy requirement, both the Administration and Amtrak recognize that there are a number of legislative and management initiatives that could be implemented to help Amtrak management control operating costs and increase revenues. We also agree with Amtrak that there are a number of workrule reforms that could help Amtrak to improve its operating efficiency and productivity, but our proposal is based on a more aggressive strategy to move Amtrak toward self-sufficiency. We expect that Amtrak management, labor and the Congress will take the necessary steps to help Amtrak eliminate or reduce the excessive operating costs that may impede the ability to reach self-sufficiency.

With regard to the capital program, the Administration supports Amtrak's need for new equipment. However, our request for capital funds is lower because we have adopted different assumptions about the rate at which it will be necessary to bring this new equipment on-line.

SENATOR DOMENICI: Mr. Secretary, the FY 1992 DOT budget request again proposes the phasing out of the Local Rail Service Assistance. While the elimination of this program has been proposed in each budget request since 1984, Congress has continued to fund it each year. Mr. Secretary, can you offer any new rationale for terminating this program?

ANSWER: Financial conditions prevalent in the railroad industry, that resulted in the abandonment of many light density rail lines and inspired this program, no longer exist. Since the deregulation achieved by the Staggers Rail Act, shortline and regional railroads serving these lines have become a growth industry, increasing by 229 new short line railroads. In addition, 22 states have their own rail freight assistance programs.

A DOT report on Deferred Maintenance and Delayed Capital Improvements on Class II and III Railroads, transmitted to the Appropriations Committees on 1989, found that 85 percent of the carloads reported by small railroads were accounted for by carriers with no rehabilitation needs or no needs beyond what they can cover from internal funds. This suggests that there is no longer a Federal role in preserving light density rail lines.

ESSENTIAL AIR SERVICE

SENATOR DOMENICI: Mr. Secretary, I am particularly pleased to note the Administration's commitment to continue a program of paramount importance to my state of New Mexico and to other large, sparsely populated states. The Essential Air Service program has assured New Mexicans air service to communities throughout the state which could not otherwise support commercial air service.

Mr. Secretary, would you address the changes which may occur in this program as a result of the rather significant funding increase reflected in this year's budget request?

ANSWER: The funding increase of $12 million reflected in the FY 1992 budget request is to be used mainly for upgrading air service at eligible essential air service communities to revised basic levels as required under the Airport and Airway Safety and Capacity Expansion Act of 1987 (P.L. 100-223, signed December 30, 1987.) That Act 1) established new requirements that most eligible communities be served with aircraft having at least fifteen passenger seats and that average passenger load factors not exceed 60 percent; 2) set forth requirements that with no more than one intermediate stop between the essential air service community and the hub; 3) specified that flights be at reasonable times taking into account the needs of passengers with connecting flights at the hub; 4) and directed that pressurized aircraft be provided in cases in which the service regularly exceeds 8,000 feet enroute altitude.

FAA RESEARCH, ENGINEERING AND DEVELOPMENT

SENATOR DOMENICI: Mr. Secretary, aviation security and safety has never been a more prominent concern than it is today, given the circumstances in the Middle East. I would like to give you the opportunity to update the activities of researchers in this area, both as it relates to improved security for commercial aircraft and travellers, and in areas of safety such as aging aircraft. Mr. Secretary, with increased emphasis on security over the past few years, can you review for the subcommittee the Department's aviation security strategy?

ANSWER: The Aviation Security Research and Development strategy is to implement an enhanced and accelerated program utilizing a systems approach, to detecting and preventing threats to security, identify current and future threats, counter technologies, and rapid prototype development initiatives. The FY 1992 budget will support both further development of existing technologies and explanation of new initiatives for detection of explosives. Enhanced existing detection systems for explosives, weapons, and flammables will be operationally tested for deployment and new concepts will be tested. An aircraft hardening project with support from other government agencies and national laboratories will identify blast and aircraft survivability parameters. An aviation security human factors project will address operator/detection system interface, identify enhanced training and operational procedures, and initiate development of terrorist prediction, encounter, and pursuit training and procedures.

SENATOR DOMENICI: Can you provide the subcommittee a progress report of specific demonstration projects and ongoing research efforts in the area of security technology?

ANSWER: Sandia National Laboratory has been supporting the FAA in research and testing of technology for aviation security. The demonstration project of an integrated security system at an enhanced threat level at BWI will continue through 1992. Analysis of blast effects on aircraft structure and risk/lethality analysis will continue under the aircraft hardening project in 1992 and will be extended to actual explosive tests on fuselages. The TNA systems have been installed at several airports and test and demonstrations will continue in 1992. In compliance with P.L. 101-604, the FAA is establishing testing protocols for explosive detection equipment. Also, the enhanced vapor portal system will be tested in the laboratory and potentially at one airport in 1992.

SENATOR DOMENICI: Mr. Secretary, I am very pleased with the rate of progress and cooperation demonstrated in our efforts to address the problem of aging aircraft. In the FY 1991 Transportation Appropriations Bill, $4 million was designated for the Aging Aircraft Nondestructive Evaluation Center to develop and demonstrate how state-of-the-art technology can improve the inspection, maintenance and safe operation of commercial aircraft. Would you please provide the subcommittee with an assessment of the progress of research in this area?

ANSWER: The establishment of the Aging Aircraft Non-Destructive Evaluation Center to be operated by the Sandia National Laboratory in Albuquerque, New Mexico, is on schedule. An Interagency Agreement between the FAA and the Department of Energy has been initiated to provide the funds to support the operation of the center. The type of work to be performed includes nondestructive inspection (NDI) measurement reliability assessments, technology transfer applications of promising NDI instrumentation, and aircraft visual inspection enhancements. Feasibility studies for implementation of these program areas have already begun with major findings expected within 12 months.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

EFFICIENCY OF SURFACE TRANSPORTATION MODES IN MOVING GOODS

SENATOR HATFIELD: In light of our national energy needs, is the Department assessing which modes of surface transportation are the most efficient in moving goods across the country? For example, it seems to me that a fully loaded train moving goods across the country would be more energy efficient and less damaging to the infrastructure than would the number of trucks required to move the same amount of goods the same distance.

ANSWER: The Department is keenly interested in the efficiency of the various modes of surface transportation. Based on recent statistics for modal energy intensity data published for the Department of Energy, we find that railroads have, in fact, hauled freight at considerably lower energy consumed per ton mile than trucks. Railroads are listed as hauling freight at 443 BTU/ton-mile versus 1,898 for trucks.

What the statistics do not show, however, is that railroads already tend to be used for the carriage of heavy, dense cargos for which they are most efficient, while trucks tend to be used for lighter, bulkier cargos. Trains are most efficient in point-to-point service, where transshipment for delivery to or from rail terminals is necessary. The relatively inefficient local delivery is usually done by truck, which results in overall higher energy use intensity. If railroads hauled lighter, less dense cargos, their energy intensity would increase, and if trucks hauled more dense cargo, their energy intensity would decrease.

For individual vehicles, a freight car in 1987 was rated as using 16,307 BTU per car mile (carrying 36.8 tons on average), while a class 8 truck was rated at getting about 5.1 vehicle miles per gallon, which converts to about 27,060 BTU per vehicle mile on diesel fuel. If a combination truck could carry the same 36.8 tons as a rail freight car (73,600 pounds, which might be barely possible to do and stay under the 80,000 pound gross weight limit) its energy intensity would be 735 BTU per ton-mile, about 1.6 times that of rail freight. Highway doubles and triples would have even lower BTU per ton mile and be closer to rail freight in efficiency.

Even for dense loads, rail freight is more energy efficient than trucks (and slightly less energy efficient than waterborne freight). If energy intensity were the sole efficiency criterion and other factors like time and reliability had no value, then far more freight would be shipped by rail. Under the current price of fuel, however, many shippers of lightweight, more valuable items find the speed, directness and better security of truck shipment worth the extra cost for fuel. We believe that the free market system offers the best way to ensure that goods are moved with the highest overall efficiency.

As for the damage to infrastructure, rail infrastructure costs are internalized directly, since railroads operate on private right-of-way. We try to assess truck fees and taxes to ensure that they pay their fair share of infrastructure costs.

DYNAMIC OCEAN TRACKING SYSTEMS

SENATOR HATFIELD: It is my understanding that the current U.S. air carriers consume more than one million barrels a day of jet fuel and aviation gasoline and that the demand continues to grow at about 5% annually. According to the Administration's National Energy Proposal, the government has worked on a number of research and development programs to bring new energy efficient technologies such as composite materials, advanced wing designs and others to increase energy efficiency by 30 to 60% over that of current commercial aircraft. It is my understanding that the FAA is working on a program called the "Dynamic Ocean Tracking System" or "DOTS", which may be of benefit to our current commercial fleet. This system analyzes wind and weather patterns, and advises aircraft to adjust course or altitude in order to take advantage of the prevailing conditions, thus producing as much as 10 percent in fuel savings. Can you tell us the status of this R&D program and when it is expected to be fully implemented?

ANSWER: Prototype displays are installed at Oakland, New York and Anchorage. The contract for operational systems has been awarded, and installation of operational systems is expected in FY 1991. The system should be operational in FY 1992.

MONTREAL PROTOCOLS

SENATOR HATFIELD: Mr. Secretary, your budget proposal provides funding for measures to enhance aviation security. Many of these measures, as recommended by the President's Commission on Aviation Security and Terrorism, were enacted last year as part of the Aviation Security Improvement Act. One recommendation, however, has not yet been enacted - the ratification of the Montreal Protocols. We you please explain to the Committee the Administration's position on the Protocols?

ANSWER: Ratification of the Montreal Protocols is a high Administration priority. It has been favorably reported by the Senate Foreign Relations Committee and we are looking to a vote by the full Senate soon. We continue to urge strongly that the Senate move quickly to ratify the Protocols.

The sad fact is that no matter how good our security efforts are, and no matter how much money we spend on it, we can offer no guarantee that terrorism will not strike U.S. targets in the future, including aviation. It is time we moved promptly to address the legitimate compensation issues that were raised by the report of the President's Commission.

Ratification of the Montreal Protocols would protect the families of victims of terrorism from economic devastation. The experience of the KAL 007 and PA 103 families makes two compelling points: One, that fault based litigation for international accidents is wasteful, inefficient and uncertain, and two, that the tort system is not designed to compensate victims of criminal acts on a timely basis.

ALTERNATIVE FUEL VEHICLES

SENATOR HATFIELD: The Federal government currently operates a civilian fleet of more than 20,000 cars and light trucks and purchases more than 40,000 new vehicles per year. Can you tell us about efforts being made by the Department of Transportation to maximize the use of alternative fuel and high efficiency vehicles for the federal fleet?

ANSWER: The Department is among the first Federal agencies to participate in the use of alternative fuel vehicles by recently acquiring one of the GSA's initial five alternative fuel vehicles. This vehicle operates on methanol or unleaded fuel and is used in our motor pool fleet. Another vehicle (4 door sedan) is expected to be delivered to DOT in late April or early May 1991 and will also be assigned to the motor pool fleet. The Department will continue to participate in alternative fuel demonstration programs and is scheduled to receive additional vehicles from the GSA fleet as they become available. GSA has not established a schedule for offering additional vehicles.

ENERGY POLICY SUPPORT FOR NEW STARTS FUNDING

SENATOR HATFIELD: The National Energy Policy proposal states that "the federal government will encourage the use of mass transit in place of private, single-occupancy motor vehicles for commuting...." and that "studies and demonstration projects such as those performed by the Urban Mass Transportation Administration, have consistently shown that mass transportation, carpools, vanpools, and HOV lanes are the quickest, cheapest ways to improve transportation energy use and reduce commuter congestion. As part of a long-term effort to improve system efficiency, the Government will continue to investigate and implement means for encouraging mass transit and ride sharing."

While I understand that this policy was developed, for the most part, by the Department of Energy, I assume that you are in agreement with the areas of the proposal impacting the operation and jurisdiction of your department. I was pleased to see increased funding for "new start" projects in your budget proposal. Of the $300 million dedicated to new starts projects, $212 million is obligated to projects currently under full funding agreements. This leaves only $88 million to be competed for all projects currently under preliminary engineering with the intent to enter into full funding agreements. Clearly, this is inadequate and inconsistent with the National Energy Policy's endorsement of mass transit. How does the Department intend to rectify this situation?

ANSWER: The National Energy Strategy among other goals states that the Federal government will implement a series of measures to encourage the use of carpools, vanpools and transit in place of the single-occupancy vehicle. Our proposal supports the Energy Policy in a number of ways; one of which is the New Starts program. Under this program, our first priority is to fund those projects that are currently under full funding agreements, i.e., the Los Angeles, St. Louis and Miami projects. The remaining funds would be available for projects currently in preliminary engineering or final design which are cost-effective and have sufficient local financial support. The annual 3(j) report, which will soon be submitted to Congress, will list the projects to date which are likely to meet these criteria.

Our surface transportation legislation includes a number of elements which will assist each metropolitan area to focus on decreasing congestion. States will be required to develop a Congestion Management System and in areas over 200,000 population, it will have to be coordinated with the State Implementation Plan required by the Clean Air Act. In addition, National Highway Program (NHP) and Urban and Rural Program (URP) funds may be used for high-occupancy vehicle (HOV), bus and carpool, lanes. In fact, NHP funds used for HOV lanes on the Interstate system may be used at a 90 percent Federal share. Also, an average of $4.4 billion in highway URP funds would be available each year to be used for transit projects. In addition, up to $1.3 billion in NHP funds could be transferred to the URP and be available for transit projects.

EMPLOYER SUBSIDIES FOR USE OF MASS TRANSIT

SENATOR HATFIELD: Mr. Secretary, the President's Energy Policy states that the Federal Government will encourage mass transit by increasing the amount of tax-free benefits that employers may provide to their employees. The present level of benefits for mass transit is $15 while parking is completely subsidized. What level of tax-free benefits is the Administration prepared to support, and would the Administration support any limitation on the availability of subsidized parking?

ANSWER: The Administration recognizes the need to address the disparities in the treatment of employer-provided transit benefits and employer-provided parking under current tax laws. We have not yet determined what the optimal level of benefits for transit might be; however, we are mindful of the fact that the value of a parking space in some metropolitan areas can be several hundred dollars a month. This amounts to a significant subsidy for automobile use, which encourages solo commuting and contributes to congestion and poor air quality in our urban areas.

The National Transportation Policy states that direct subsidies and tax policies affecting each mode of transportation should be based on a full assessment of public costs and the benefits offered by each mode, and differences should reflect a careful balancing of national goals.

WEIGHT DISTANCE TAX

SENATOR HATFIELD: Regarding the Administration's draft Surface Transportation Act reauthorization - provisions in Section 508 propose developing a uniform method for levying vehicle registration and motor fuel consumption fees on commercial motor carriers. As you may know, in my State of Oregon, 40% of the State's highway money is raised through a combined weight distance tax levied on trucks in order to recover costs. It is an arrangement that has the support of the truckers in Oregon, as well. Does Section 508 suggest the pre-emption of the State's ability to levy a weight distance tax and could you tell the committee how you envision this "uniform" policy developing?

ANSWER: Section 508 does not preempt the States from levying a weight distance tax or any other highway use taxes they administer. The goal of the legislation is to provide a uniform mechanism for administering taxation of interstate motor carrier operations. It would simplify the process for motor carriers by requiring base State collection of the taxes with proportional sharing of the revenues based on each State's tax formula. Thus, the motor carriers would no longer be required to deal independently with every State in which they travel. It also permits the Secretary to encourage a single point of contact within each State for registration and taxation requirements.

The policy would be implemented by establishing national standards for State administration of motor carrier registration and taxation requirements to achieve the base state, one stop shopping approach outlined in the proposed legislation. States would be encouraged to meet the national standards through participation in cooperative State agreements similar to the International Registration Plan or the International Fuel Tax Agreement.

LARGE TRUCKS

SENATOR HATFIELD: As you may know, there is a growing concern with larger trucks on our highways. In Oregon, the Department of Transportation proposed using twin 45 foot trailers on many highways. The public opposition was so intense that the proposal was withdrawn. Given the safety concern and the increased wear these longer trucks produce on our roads and bridges, will the department propose new policy affecting these areas, and if not, why?

ANSWER: The Department of Transportation's proposed Surface Transportation Assistance Act of 1991 does not include any changes in Federal truck size and weight limits. The National Transportation Policy stated that maximum truck size and weight limits should be based on a full assessment of public costs and benefits and, if the limits are changed, highway user charges should be adjusted accordingly. The Department is examining the various costs and benefits but does not have sufficient information and analysis to make legislative recommendations at this time.

CLEAN AIR ACT

SENATOR HATFIELD: Given the mandates of the Clean Air Act, which is a law designed to achieve federal policies to reduce vehicle miles travelled in urban areas, is the intention of the Administration that clean air in urban areas is to be achieved solely by additional HOV lanes, car pools or van pools and if not, doesn't expansion of mass transit systems and fixed guideway projects provide possible solutions to address this federal policy?

ANSWER: Additional HOV lanes, car pools or van pools, bus lanes, demand management and traffic control modifications are some of the measures of reducing traffic congestion. Alleviating traffic congestion is one of the best ways to reduce pollution and improve air quality. The air quality in some urbanized areas may warrant consideration of a range of transportation measures including expanding the use of mass transit systems. The provisions to strengthen the transportation planning process and to establish congestion management systems will facilitate the identification of those transportation measures which are both needed and effective in improving air quality. The flexibility to use highway urban and rural funds and transit formula funds for either highway or transit projects will enable state and local officials to invest in the transportation measures they identify.

MATCH RATIOS

SENATOR HATFIELD: The Administration's proposed STA provides for up to 95 percent federal match for some NHS projects and 75 percent for most of those projects. The urban/rural program is slated for 60 percent match, as are most transit programs. Fixed Guideway projects are proposed to receive only 50 percent match.

My question is two part. Do you believe that these match ratios will skew local decision-making towards highway projects and especially NHS projects, and if automobile pollution is responsible for 90 percent of an urban area's pollution, don't these ratios favor continued reliance upon the automobile, rather than some other forms of transportation?

ANSWER: The planning process in the proposed legislation calls for the consideration of many factors such as land use, impacts on air quality, and congestion management. We believe this will result in a plan for transportation spending that will not be driven solely by a preferential Federal share, but instead will take into account the complexities of transportation and its relationship to the environment. Further, it should be noted that the 90 percent is for operational improvements, like bus lanes, and pavement repair on the Interstate System, all of which promote cost-effective use of the existing system.

The higher Federal share for National Highway projects reflects the relatively higher Federal interest in facilities of importance to interstate and interregional travel. Instead of looking at this as encouraging continued reliance on the automobile, we view the preferential share as ensuring that a uniform system connecting the nation will be in place. For the projects of more local interest, transit and highway projects are on equal footing in terms of Federal share.

QUESTIONS SUBMITTED BY SENATOR BURDICK

COMMUTER SLOT RULES AT O'HARE

SENATOR BURDICK: Last year in its deliberations, our Conference Committee opted not to include language in the appropriations conference report concerning a proposed change in the commuter slot rules at O'Hare. We did so based on assurances that the proposed rule would be dealt with on an expeditious basis. Both the petition itself and numerous parties supporting it had requested a final rule to be issued tomorrow, March 1st. Can we expect a final rule to be issued tomorrow or shortly thereafter?

Apparently, American Airlines will soon be taking delivery of its Fokker-100 aircraft for which this rule change is proposed. It must begin building a maintenance facility and training local crews. Therefore, if the decision on O'Hare is not forthcoming very soon, the carrier would have to deploy the equipment in other parts of its system. What then is the absolute final deadline for the rule, if not March 1st? April 1st?

Despite Congressional intent, there has been a delay in ruling on this petition. Why?

ANSWER: The American Airlines petition for rulemaking was published for comment in the October 2, 1990, Federal Register; the comment period closed on December 3, 1990. The Department expects to reach a decision shortly. If the Department decides to grant the petition in whole or in part, a notice of proposed rulemaking, which outlines the specific rule, must then be published for comment. Since actions of this nature are subject to the requirements of the Administrative Procedures Act, the Department cannot commit to any particular final action before consideration of public comment. We will however, expedite the handling of these actions and proceed to final action as soon as possible.

QUESTIONS SUBMITTED BY SENATOR GORTON

AVIATION SECURITY COSTS AT AIRPORTS

SENATOR GORTON: In light of the fact that airports have been forced to comply with FAA level IV security plans at amounts which have been estimated to range from several thousand to over two million dollars a week, do you plan to take any actions to assist airports in meeting these additional costs?

ANSWER: The regulatory framework established by FAA to ensure civil aviation security is based on a system of shared responsibility. The airport operator is responsible for ensuring a safe operating area. The air carrier is responsible for making sure that no explosives, incendiaries, weapons or other contraband are carried on the aircraft, and the FAA is responsible for the monitoring and oversight of this system to assure compliance with applicable regulations. There are no plans for changes in this division of responsibility at this time. The Department does not plan to take specific action to assist airports in meeting these costs.

The Persian Gulf crisis has made it necessary to impose higher levels of security worldwide. The situation is being monitored by the FAA and the Department of Transportation on a daily basis and adjustments will be made at the appropriate time.

ILS AT SPOKANE AIRPORT

SENATOR GORTON: What is the status of Instrument Landing System replacement at Spokane International Airport in Washington State? Are any additional funds required to complete the upgrade?

ANSWER: Contract award for the Instrument Landing System (ILS) is expected in July 1991. The equipment will be available for installation in January 1995. Additional projects costs which are required for associated approach lighting upgrades and installation of the ILS will be considered in future Facilities and Equipment budget requests.

RESOURCES FOR SANITARY FOOD TRANSPORTATION ACT

SENATOR GORTON: I was pleased to see the Department recently issued an Advance Notice of Proposed Rulemaking on the Sanitary Food Transportation Act of 1990. I also noticed that the FY 1992 budget request adds $3.6 million and 23 FTE's for new hazardous materials and food safety legislation. Do you believe that these additional resources will be adequate to complete the rulemaking on the Sanitary Food Act by July 1, 1991? Do you need additional resources for this purpose?

ANSWER: We believe that the 270-day period allowed to publish a final rule of the Sanitary Food Transportation Act (SFTA) is unrealistic. Additional resources will not help us to meet the deadline since the problem involves the amount of time required to a) comply with the Administrative Procedures Act and b) allow sufficient time for the various industries affected by the SFTA to comment on rulemaking proposals.

The earliest anticipated date for a comprehensive final rule is late 1991 or early 1992. The SFTA places new management, administrative and enforcement responsibilities on the Department and will result in new regulatory requirements having potentially serious economic impacts on the private sector. The issues are complex and far reaching and the 270-day deadline does not allow sufficient time to identify and analyze them so that the result will be enforceable and meaningful regulations. Many companies and industry trade associations have requested an extension of the comment period to the Advance Notice of Proposed Rulemaking (ANPRM) which was published on February 20, 1991. They claim the short comment period (approximately 30 days), which was specified by RSPA in order to meet the 270-day deadline, does not allow them sufficient time to address the issues and develop comprehensive comments.

VESSEL TRAFFIC SERVICE PUGET SOUND EXPANSION

SENATOR GORTON: Funds have been provided in past appropriations bills for the upgrading and expansion of the Coast Guard's Vessel Traffic System in Puget Sound. Could you give me an update on that project?

ANSWER: We received $3.988 million in FY90 to expand the Vessel Traffic Service Puget Sound radar coverage to Tacoma. The project consists of installation of two new radar sites and upgrade/modernization of the existing Vessel Traffic Center. One radar site will be located on Coast Guard property at Point Robinson, Puget Sound, and the other will be leased from the city of Tacoma on Commencement Bay. The project is well underway. The Coast Guard has acquired radar sites for the expansion to Tacoma, and is completing the arrangements for tower construction. The radars are being prepared for delivery. Coast Guard engineers have prepared a Statement of Work to upgrade the Vessel Traffic Center in Seattle by installing state-of-the-art displays with electronic charting and alarms to alert the watchstander to various hazardous conditions, and to upgrade the data relay network for the Vessel Traffic Center.

SENATOR GORTON: What is the estimated completion date?

ANSWER: The Coast Guard expects that the radars in Tacoma will be installed by March 1992 and operating on new displays by May 1992, at an estimated cost of $1.5 million. The Vessel Traffic Center upgrade will be completed in July 1992 at an approximate cost of $4.5 million.

SENATOR GORTON: Are any additional funds required to complete the project?

ANSWER: The funding requested in the FY 1992 Budget for replacing the communications, microwave and radar relay equipment will be sufficient to complete the project.

FERRY SERVICE IN WASHINGTON STATE

SENATOR GORTON: UMTA Section 9 grants are available to transportation systems that begin or end in "urbanized areas." Washington State Department of Transportation (WSDOT) operates a ferry system that serves major commuter routes and is tied into several bus systems. Ferries that service these routes are eligible for Section 9 funds. Because of a need to provide periodic maintenance and adjustments to ferry schedules to meet seasonal traffic fluctuations, WSDOT would like some administrative flexibility to temporarily swap a ferry that normally services an urbanized route to another route on the system that is not an urbanized area. Would you work with me to examine the present policy to see if WSDOT's needs could be met?

ANSWER: Urban Mass Transportation Administrator Brian W. Clymer will look into this issue to determine what kind of flexibility exists within the UMTA program for shifting ferry boats purchased with Section 9 funds to use on routes which serve exclusively "nonurbanized" areas. Mr. Clymer's staff will be consulting with WSDOT on this matter and a resolution should be expected shortly.

U.S. COAST GUARD

STATEMENT OF ADM. J. WILLIAM KIME, COMMANDANT

ACCOMPANIED BY CAPT. DAVE SPADE, CHIEF, BUDGET DIVISION

INTRODUCTION OF WITNESS

Senator **LAUTENBERG**. We will reconvene the subcommittee, and I want the Coast Guard Commandant and his colleagues to know that it does not reflect any lack of interest in the Coast Guard's concerns when we see the room kind of empty out. There just were more people here today interested in highways, aviation, and rail, and they survived to their level of endurance, barely. So, we welcome you, Commandant, to the witness table.

I think this is your first appearance as Commandant before the subcommittee, is it not?

Admiral **KIME**. That is correct, Mr. Chairman, and I certainly appreciate this opportunity.

Senator **LAUTENBERG**. We are happy to have you and tell you how proud we are of the service that you people of the Coast Guard performed during Operations Desert Shield and Desert Storm.

I was in the Middle East, in Saudi Arabia at the end of August. Your people were starting to arrive then. They performed a very important, though not as noticeable a function as some of the other branches, because they were consigned to watching the harbor, providing boarding parties, employing skills and techniques that they had learned so well here.

The Coast Guard is kind of always in battle because of those who would violate our coastal rules, whether it is in pollution, or drug trafficking, or what have you. And we believe that your people provide a service with distinction of which we can all be proud. I have seen them at work, as you know.

Whether it is in Alaska or in the rivers or the harbors of New Jersey and other places, they always fulfill their obligations with pride and skill. So we are pleased to have you here.

The purpose of today's appearance is to get an update on the Coast Guard's involvement in the Persian Gulf conflict, and to discuss the related supplemental needs for the year. And we want you, if you would, Commandant, to convey our pride and our appreciation for the job that, and I say this to your associates as well, the senior staff, that we want your people on the ships and on the ground and wherever their assignments, during air service, you name it, to know that their service was greatly appreciated.

We meet at an historic time. America has just emerged from, perhaps, based on the amount of time involved, maybe one of the most intense conflicts that we have ever seen. Remember, World War II stretched over a period of 3½ years of direct involvement. But taken on persons per day in this short period of time, with the amount of equipment involved, this may have been, at moments, even a larger military presence than was World War II, in which the chairman served.

The skill and ability that our service people displayed makes everybody proud. This was a mighty military machine with people concerned about the protection of civilian life. There was not a civilian life taken by American forces, and I am sure of which I speak, that was taken intentionally. They were very careful to isolate the targets at some great personal risks as well.

PREPARED STATEMENT

So, we are happy that we are on, let me call it, the verge of peace, and that we will be able, I hope, within a short time, to focus on the problems that this committee is concerned with, the infrastructure of this country as well as maintaining a strong and vibrant Coast Guard service. I will insert the rest of my remarks for the record.

[The statement follows:]

STATEMENT OF SENATOR LAUTENBERG

I would now like to invite the Commandant to the witness table, Admiral Bill Kime. This is Admiral Kime's first appearance before the subcommittee, and we welcome him warmly. The Commandant will be before us again on April 25th to discuss his budget request for 1992. The purpose of today's appearance is to get an update on the Coast Guard's involvement in Operations Desert Storm and Desert Shield and discuss the related supplemental needs for this fiscal year.

I know I speak for all the members of the subcommittee in pointing out how proud we are of the Coast Guard's efforts in support of the Gulf operations. The Coast Guard has played a critical role in ensuring the security of our ports here at home as well as enforcing the Iraqi trade embargo in the Middle East. The President has also appointed the Coast Guard to take the lead in assessing the catastrophic oil spill in the Gulf.

Operation Desert Shield resulted in the first involuntary call-up of the Coast Guard reserves. Indeed, at the time of initial call-up of our military reserves, the Coast Guard recalled a larger percentage of its reserve force than any other uniformed service. I would be remiss if I did not point out that just last week, the Coast Guard reserve celebrated its 50th Anniversary.

We must remember that the Coast Guard is at war every day. It is at war with the drug smuggler, at war with the drunk boater, and at war with the oil polluter.

The Committee has before it a supplemental appropriations request totalling $18.9 million for the incremental costs borne by the Coast Guard in support of the Persian Gulf operations. I think it is essential that the Coast Guard not be required to divert funds from its other missions to support its operations in the Persian Gulf. But separate from the issue of resources, I also would like to pursue with the Commandant the degree to which the Coast Guard's attention has necessarily been diverted from its many important missions here at home.

STATEMENT OF ADMIRAL KIME

Senator LAUTENBERG. So we would ask you, Admiral Kime, if you would, describe to us the concerns and the needs that you have. Thank you very much for being here.

Admiral KIME. Mr. Chairman, it is an honor and a privilege to appear before you this first time. I share your views and hopes for the future. I appreciate very much your statements about the performance of the men and women of the U.S. Coast Guard. I certainly will convey those back to our people wherever they may be. And let me thank you and this committee for the tremendous support you have given us in the past.

I do appreciate this opportunity to explain a bit of what our involvement has been in both Operation Desert Shield and Desert Storm, and to indicate the economic impact it has made on us and the need for supplemental funding of the Coast Guard.

I have with me today Capt. Dave Spade, Chief of our Budget Division. And, Mr. Chairman, if I may I would like to just summarize my remarks and ask that the formal statement be included in the record in its entirety.

Senator **Lautenberg**. So ordered.

Admiral **Kime**. We did participate, and with some great pride, Mr. Chairman, in Operation Desert Shield, and we did so as one of the five armed services. And, we did it in a way that augmented the capabilities of the DOD forces. We have some special capabilities which they specifically need, and it is in those areas that we did participate.

We participated in the area of the breakout of the Ready Reserve fleet in this country that took place early on after our involvement began in August. That included assistance in obtaining qualified merchant mariners to sail these ships. In addition to that, we supervised the load-out of ammunition, hazardous materials, tanks, et cetera.

We participated in country with port security units, providing waterside security for our ports of delivery over there, three in Saudi Arabia, and one in Bahrain. In addition, we did provide some of our expertise to advise the Saudi Government and the Government of Bahrain in responding to Saddam's spill.

In doing this, Mr. Chairman, we relied very heavily on our reserves, who have really been a cornerstone of our work force. They made a tremendous contribution. We began recalling them in August. Right now, as I speak, we have 281 reservists forming three port security units that are on duty in the Persian Gulf. These units come from Milwaukee, Cleveland, and Buffalo, and they have performed extremely well. We have approximately 500 reservists also on duty in the United States as the load-out and shipment of materials still continues in the United States.

Mr. Chairman, when it was decided by the United Nations that there should be an economic embargo placed against Iraq, the U.S. Navy asked for the assistance of Coast Guard boarding teams. They recognized from their association with us in the drug war that we had some especially well-trained people suited to lead boarding teams going aboard vessels in the Persian Gulf. And we supplied 10 boarding teams to the Navy. We participated in about 60 percent of the 900 boardings that took place. And resulting from this, over 40 vessels were diverted due to the nature of their cargo or our inability to verify the nature of the cargo.

In addition, after Saddam Hussein started spilling millions of gallons of oil into the Persian Gulf, the Saudi Government requested the assistance of the United States. The President asked that an interagency assessment team be sent there. We received the request on a Saturday afternoon. The President also requested that the Coast Guard head up this team, and they left Washington at 7 o'clock on Sunday morning.

The Coast Guard headed the team up. Included on the team were representatives from NOAA, the EPA, the Army Corp of Engineers, Fish and Wildlife Service, and the Department of Energy. In addition, it was later requested that some of our Aireye-equipped Falcon jets be sent to the Persian Gulf to assist in tracking the spill, something that was of extreme importance. And we sent two of our C–130's from Clearwater, FL, to accompany the two Falcon jets from our air station in Cape Cod. They are now in the Persian Gulf and are actively tracking the spill.

Mr. Chairman, this, of course, was activity that was not planned for, and as a result, it has an impact on our budget. We were very pleased that when the Department of Defense and the administration put together the supplemental for the armed forces, we were included. It is estimated that our expenses for the first two quarters or 6 months of fiscal year 1991 will be about $18.9 million, and that is the amount contained in the supplemental.

As I say, we share with you the pride, and the pleasure that it appears that this conflict is winding down now. However, based on past experiences, we do not believe that this will be the end of the Coast Guard involvement, based on our involvement in Vietnam, Grenada, and Panama. We feel that there will be some ongoing duties for us over there, certainly in the weeks and most probably the months ahead. We are right now in consultation with DOD and the Department of State to see what assistance we may be to them.

I think that will conclude my remarks, Mr. Chairman. I certainly would be pleased to answer any questions you might have.

PREPARED STATEMENT

Senator LAUTENBERG. Thanks very much, Admiral Kime. We have your complete statement and it will be made part of the record.

[The statement follows:]

STATEMENT OF ADM. J. WILLIAM KIME

Good morning, Mr. Chairman. I am pleased to appear before you and the distinguished members of this subcommittee today to describe the Coast Guard's participation in Operations Desert Shield and Desert Storm, and to identify additional Coast Guard funding requirements resulting from our involvement in the Middle East conflict.

It is with great pride that I report on the Coast Guard's participation in the Middle East as one of the Nation's five armed forces. Since 1790, the U.S. Coast Guard has actively participated in every war in which the United States has been engaged. And, the versatility and strength of our servicemen and women has never been more impressive than it is today. The Coast Guard's highly dedicated and professional people have once again answered the Nation's call to go in harm's way as they provide vital services in support of national security. The specific areas in which Coast Guard men and women have been involved in Operations Desert Shield and Desert Storm at various times since August 1990 are: port security, both in U.S. ports and in the combat theatre; enforcing the United Nations embargo against Iraq in the maritime region; and responding to environmental disasters in the Persian Gulf by providing expertise in matters related to the oil spill.

The Coast Guard Reserve, one of the cornerstones of our highly-skilled workforce, began a significant contribution to Operation Desert Shield when over 800 reservists were called to active duty starting in August 1990. Two hundred eighty-one of those reservists—members of port security units from Milwaukee, Cleveland, and Buffalo—have deployed to the Persian Gulf region where they have assumed port security and anti-terrorism duties. Additionally, today approximately 500 reservists are involved in load-out activities in U.S. ports, supervising the loading of explosives, certifying the Ready Reserve fleet's seaworthiness, and assisting with the loading of military equipment vital to our forces already in theatre. The successes we have seen in the port load-out portion of this unprecedented military sealift are a testimony to planning and exercises we have conducted over the past few years.

Another requirement for Coast Guard expertise surfaced with the need for enforcement, in the maritime region, of the United Nations' economic embargo against Iraq. Because of our unique qualifications in maritime law enforcement, we responded immediately to the need for boarding teams. Since the first days of Operation Desert Shield, Coast Guard law enforcement detachments (Ledets) have put to sea on Navy vessels, helping to enforce the embargo. We have used our traditional boarding expertise in the Persian Gulf, Gulf of Oman and Red Sea to inspect transiting vessels. Our ten Ledets, involving approximately 40 active-duty Coast Guardsmen, have participated in 60 percent of the roughly 900 boardings conducted to date; over 40 of the vessels boarded were diverted due to the nature of their cargo, documentation discrepancies, or inability to inspect their holds.

Yet another call for Coast Guard expertise was issued in late January after Iraq committed a shocking act of environmental terrorism by deliberately spilling vast amounts of crude oil into the Persian Gulf. When Saudi Arabia requested immediate support to deal with what has become one of the world's worst oil spills ever, the President assigned the Coast Guard to head a multiagency task force which has been on-scene since February 3rd. Under Coast Guard leadership, these experts are applying substantial experience with past spills in providing technical assistance and advice to the Saudi Government.

The Coast Guard has also deployed two HU-25B Falcon aircraft for use by the task force in helping the Saudi Government and other affected Persian Gulf states accurately detect and map the limits of the oil spill. These aircraft are equipped with special airborne remote identification system (Aireye) technology which was developed with this oil-mapping mission in mind. Aireye has been used successfully during several major oil spills, including the 1989 Alaskan spill. It is especially useful in evaluating a spill's size and in tracking the effects of currents and weather changes on its movement.

All of these additional operations have of course resulted in incremental costs not included in our fiscal year 1991 budget request. Our Desert Shield/Desert Storm expenses were $11.1 million as of January 31, and are estimated to total $18.9 million for the first six months of fiscal year 1991. We have initially covered the expenses by borrowing from accounts earmarked for maintenance activities in the fourth quarter. In order to restore these badly needed funds, I am hopeful that Congress will act quickly and favorably on the administration's request for supplemental appropriations, in which Coast Guard requirements are included.

As we all hope fervently for resolution of the Middle East conflict on terms acceptable to the United States and the Allied Coalition, I view with pride the contributions made by Coast Guard men and women in port security, law enforcement, and environmental response as part of the overall effort. It is my great pleasure to represent them and speak of their accomplishments before this subcommittee today.

Mr. Chairman, I would be happy to answer any questions you or other subcommittee members may have.

Biographical Sketch

ADM. J. WILLIAM KIME

Admiral John William Kime became the 19th Commandant of the United States Coast Guard on May 31, 1990. He was nominated to the position while serving as Commander, Eleventh Coast Guard District, headquartered in Long Beach, Calif.

During that time he also served as the Commander of the Central California Sector of the U.S. Maritime Defense Zone, Pacific; and as Coordinator of the Pacific Region of the Office of National Drug Control Policy.

Admiral Kime graduated from Baltimore City College in 1951 and from the U.S. Coast Guard Academy in 1957. He received a Master of Science degree in naval architecture and marine engineering and the professional degree of Naval Engineer from the Massachusetts Institute of Technology in 1964.

Admiral Kime served in deck and engineering assignments in the Coast Guard Cutter *Casco* before assuming command of Loran Station Wake Island in 1960. He served at Coast Guard Headquarters in Washington, D.C. in the Merchant Marine Technical and Naval Engineering Division. While at Headquarters, he served as the principal U.S. negotiator at the International Maritime Organization (IMO) in London during the drafting of the IMO Codes for Liquefied Gas Ships. Admiral Kime was in charge of the structural design of the Coast Guard's Polar Star class icebreakers. He also served as the first engineering officer in the Coast Guard Cutter *Boutwell* stationed in Boston.

In 1977, Admiral Kime was a distinguished graduate of the Industrial College of the Armed Forces and was again assigned to Headquarters as Assistant Chief of the Merchant Marine Technical Division, and as both technical coordinator and as a member of the U.S. Delegation to the International Conference on Tanker Safety and Pollution Prevention in London. He assumed duty as Commanding Officer, Marine Safety Office, Baltimore in 1978. He was assigned to Headquarters in 1981 as Deputy Chief of the Office of Marine Environment and Systems.

From 1982 through 1984 Admiral Kime was assigned as Chief of the Operations Division of the Seventh Coast Guard District in Miami, where he was in charge of day to day operations in the Coast Guard's drug interdiction effort in the Caribbean. He was promoted to Flag rank in 1984. In 1986 Admiral Kime became Chief of the Office of Marine Safety, Security and Environmental Protection in Washington, D.C., a combination of two offices he had previously headed. His duties in this position included heading the U.S. Delegations to the IMO Maritime Safety Committee and Marine Environmental Protection Committee.

Admiral Kime is a registered Professional Engineer, a member of Tau Beta Pi, Sigma Xi, ASNE and SNAME. His decorations include the Defense Superior Service Medal, the Legion of Merit, five Meritorious Service Medals with "O" device, the Coast Guard Commendation Medal, the Coast Guard Achievement Medal, three Commandant's Letter of Commendation Ribbons with "O" device, two Coast Guard Unit Commendation Ribbons with "O" device and the Coast Guard Meritorious Unit Commendation Ribbon.

Admiral Kime, a native of Greensboro, NC, grew up in Baltimore, MD, and is married to the former Valerie Jean Hiddlestone of Pontardulais, South Wales, U.K.

DEPARTMENT OF TRANSPORTATION

UNITED STATES COAST GUARD

OPERATING EXPENSES

DESERT SHIELD/DESERT STORM SUPPLEMENTAL REQUEST

Appropriation to date: $2,299,839,000 Request: $18,921,430

Amended Appropriation Requested: $2,318,760,430

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

This Coast Guard supplemental request seeks $18,921,430 in additional funding to cover actual and estimated incremental costs associated with Operations Desert Shield and Desert Storm for the first six months of FY 1991. In support of the Desert Shield buildup and the Desert Storm hostilities, the Coast Guard is performing several defense-related operations: (1) port security and loadout supervision and anti-terrorism activities, by Reserve Port Security Units, at critical ports in the U. S. and in the Persian Gulf; (2) augmentation of Navy defense operations in the Persian Gulf with Coast Guard active duty law enforcement boarding teams, and (3) logistics and medivac flights in support of the Department of Defense within the continental U. S. Without additional funding, Coast Guard will experience in the short-term, a continuous drain on funding from other Coast Guard operations, and in the long term, a serious adverse effect on the operational capability of its facilities due to diversion of maintenance funds to cover required Coast Guard operations in support of Operation Desert Storm.

Coast Guard Summary of Desert Shield/Desert Storm Costs for first and Second quarters:

		FTE	OTHER THAN FTP
First Quarter Costs -	$ 7,406,088	148	673
Second Quarter Base - Costs incurred irrespective of hostilities	$11,180,068	191	872
Second Quarter incremental increases due to hostilities	$ 335,274	0	0
Totals	$18,921,430	339	872

DEPARTMENT OF TRANSPORTATION
COAST GUARD
OPERATING EXPENSES
Program and Financing (in thousands of dollars)

Identification code: 69-0201-1-1-999	1991 estimate	1991 estimate	1991 estimate
	Presently available	Proposed Supplemental	Revised estimate
Program by activities:			
Direct program:			
Total direct program............	2,360,232	18,921	2,379,153
Reimbursable program.............	110,054	...	110,054
10.00 Total obligations..............	2,470,286	18,921	2,489,207

Identification code: 69-0201-1-1-999	1991 estimate	1991 estimate	1991 estimate
	Presently available	Proposed Supplemental	Revised estimate
Financing:			
21.40 Unobligated balance available, start of year	-25,393	...	-25,393
24.40 Unobligated balance available, end of year	...	...	...
39.00 Budget authority (gross)	2,444,893	18,921	2,463,814
Budget authority:			
Current:			
40.00 Appropriation	1,977,850	18,921	1,996,771
41.00 Transferred to other accounts	-14,500	...	-14,500
42.00 Transferred from other accounts	295,000	...	295,000
43.00 Appropriation (adjusted)	2,258,350	18,921	2,277,271
Permanent:			
68.00 Spending authority from offsetting collections	186,543	...	186,543
Relation of obligations to outlays:			
71.00 Total obligations	2,470,286	18,921	2,489,207
72.40 Obligated balance, start of year	490,050	...	490,050
74.40 Obligated balance, end of year	-569,882	...	-569,882
77.00 Adjustments in expired accounts	...	...	...
87.00 Outlays (gross)	2,390,454	18,921	2,409,375
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
88.00 Federal funds (DOD and other)	-103,169	...	-103,169
88.00 Federal funds (OCDET)	-858	...	-858
88.30 Trust funds (Boat safety)	-35,700	...	-35,700
88.30 Oil spill liability trust fund	-41,489	...	-41,489
88.40 Non-Federal sources	-5,327	...	-5,327
88.90 Total, offsetting collections	-186,543	...	-186,543
89.00 Budget authority (net)	2,258,350	18,921	2,277,271
90.00 Outlays (net)	2,203,911	18,921	2,222,832

Object Classification (in thousands of dollars)

Identification code: 69-0201-1-1-999	1991 estimate	1991 estimate	1991 estimate
	Presently available	Proposed Supplemental	Revised estimate
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent................	150,067	...	150,067
11.3 Other than full-time permanent....	9,945	...	9,945
11.5 Other personnel compensation.......	6,200	...	6,200
11.7 Military personnel.................	916,477	10,320	926,797
11.8 Special personal services payments.	2,104	...	2,104
11.9 Total personnel compensation...	1,084,793	10,320	1,095,113
12.1 Civilian personnel benefits........	31,894	...	31,894
12.2 Military personnel benefits........	85,222	987	86,209
13.0 Benefits for former personnel......	2,465	...	2,465
21.0 Travel and transportation of persons........................	71,321	2,145	73,466
22.0 Transportation of things...........	44,807	...	44,807
23.1 Rental payments to GSA..............	...	...	...
23.2 Rental payments to others..........	31,853	...	31,853
23.3 Communications, utilities, and miscellaneous charges............	83,515	...	83,515
24.0 Printing and reproduction..........	6,888	...	6,888
25.0 Other services......................	431,043	...	431,043
26.0 Supplies and materials.............	349,056	4,634	353,690
31.0 Equipment..........................	59,078	835	59,913
32.0 Lands and structures...............	270	...	270
42.0 Insurance claims and indemnities...	1,293	...	1,293
43.0 Interest and dividends.............	245	...	245
99.0 Subtotal, direct obligations....	2,283,743	18,921	2,302,664
99.0 Reimbursable obligations...........	186,543	...	186,543
99.9 Total obligations................	2,470,286	18,921	2,489,207

Personnel Summary

Identification code: 69-0201-1-1-999	1991 estimate	1991 estimate	1991 estimate
	Presently available	Proposed Supplemental	Revised estimate
Direct:			
Military:			
Full-time permanent positions.................	37,747	...	37,747
Other than permanent positions.....	...	872	872
Total number of positions........	37,747	872	38,619
Total compensable workyears: Full-time equivalent employment....	37,313	339	37,652

. **Civilian:**

Total number of full-time permanent positions...............	...	...	...
Total compensable workyears: Full-time equivalent employment....	...	...	...
Full-time equivalent of overtime and holiday hours.......	...	...	...

U. S. COAST GUARD
DESERT SHIELD/STORM
SUPPLEMENTAL BUDGET SUMMARY

AS OF 02/21/91

	COSTS	FTE	OTHER THAN FTP
QUARTER ONE	$7,406,088	148	673
QUARTER TWO BASE	$11,180,068	191	872
QUARTER TWO INCREMENTAL DUE TO HOSTILITIES	$335,274	0	0
TOTALS	$18,921,430	339	872 (END OF QTR 2)

Notes:

1. The above incremental FY91 costs include Port Security Units and Law Enforcement Boarding Teams in theater, reservists supporting INCONUS outload operations, and flights in support of DOD INCONUS. All costs assume the level of Coast Guard operations as of 21 February 1991 continues through 31 March.

COAST GUARD SUMMARY OF DESERT SHIELD FY91 COSTS
(QUARTER 1 COSTS)
AS OF 02/21/91

1.	TOTAL PSU RELATED COSTS (3) (EXCEPT TRNG) *		$2,962,199
	PSU RESERVE PERSONNEL FTE,OTHER THAN FULL-TIME PERM		60
	PSU RESERVE PERSONNEL POSITIONS,OTHER THAN FULL-TIME PERMANENT		283
2.	LOADOUT SUPERVISION COSTS IN U.S.*		$3,801,444
	RESERVE PERSONNEL FTE,OTHER THAN FULL-TIME PERM		88
	RESERVE PERSONNEL POSITIONS,OTHER THAN FULL-TIME PERMANENT		390
3.	TOTAL BOARDING TEAM RELATED COSTS *		$89,537
4.	ADDITIONAL PSU BOATS IN PERSIAN GULF		$0
5.	LOGISTICS FLIGHTS IN SUPPORT OF DESERT SHIELD		$552,908
6.	TOTAL COSTS EXCEPT TRAINING		$7,406,088 ============
7.	PORT SECURITY UNIT REPLACEMENT TRAINING COSTS		
	EQUIPMENT/UNIFORMS		$0
	AMMUNITION		$0
8.	CONTINGENCY FUNDS		$0
9.	RESERVE APPROPRIATION PSU RETRAINING COSTS *		$0
10.	HOST NATION SUPPORT		$415,000
11.	TOTAL ALL CG COSTS FOR DESERT SHIELD *	*******	$7,821,088 ============
12.	LESS COSTS REPROGRAMMED/REIMBURSED DIRECT HOST NATION SUPPORT		($415,000)
13.	NET INCREMENTAL COSTS TO THE COAST GUARD	******	$7,406,088 ============
14.	AVERAGE COST PER DAY DURING TIME PERIOD		$80,501
15.	TOTAL RESERVE PERSONNEL AT END OF TIME PERIOD		673

COAST GUARD FY91 DESERT SHIELD COSTS BY OBJECT CLASS
(QUARTER 1 COSTS)
AS OF 02/21/91

11.7	MILITARY PERSONNEL	$4,456,767
12.2	MILITARY PERSONNEL BENEFITS	$418,002
21.0	TRAVEL AND TRANSPORTATION	$891,991
26.0	SUPPLIES & MATERIALS	$1,528,184
31.0	EQUIPMENT	$111,144
25.0	OTHER SERVICES	$0
	TOTAL	$7,406,088

COAST GUARD SUMMARY OF DESERT SHIELD FY91 COSTS
(QUARTER 2 BASE - COSTS INCURRED IRRESPECTIVE OF HOSTILITIES)
AS OF 02/21/91

1.	TOTAL PSU RELATED COSTS (3) (EXCEPT TRNG) =		$3,479,667
	PSU RESERVE PERSONNEL FTE,OTHER THAN FULL-TIME PERM		69
	PSU RESERVE PERSONNEL POSITIONS,OTHER THAN FULL-TIME PERMANENT		281
2.	LOADOUT SUPERVISION COSTS IN U.S.=		$5,305,141
	RESERVE PERSONNEL FTE,OTHER THAN FULL-TIME PERM		122
	RESERVE PERSONNEL POSITIONS,OTHER THAN FULL-TIME PERMANENT		591
3.	TOTAL BOARDING TEAM RELATED COSTS =		$92,349
4.	ADDITIONAL PSU BOATS IN PERSIAN GULF		$650,000
5.	LOGISTICS FLIGHTS IN SUPPORT OF DESERT SHIELD/STORM		$502,911
6.	TOTAL COSTS EXCEPT TRAINING		$10,030,068
			============
7.	PORT SECURITY UNIT REPLACEMENT TRAINING COSTS		
	EQUIPMENT/UNIFORMS		$300,000
	AMMUNITION		$850,000
8.	CONTINGENCY FUNDS		$0
9.	RESERVE APPROPRIATION PSU RETRAINING COSTS =		$2,595,200
10.	HOST NATION SUPPORT		$415,000
11.	TOTAL ALL CG COSTS FOR DESERT SHIELD =	*******	$14,190,268
			============
12.	LESS COSTS REPROGRAMMED/REIMBURSED		
	REPROGRAMMED FROM WITHIN RESERVE APPROPRIATIONS		($2,595,200)
	DIRECT HOST NATION SUPPORT		($415,000)
13.	NET INCREMENTAL COSTS TO THE COAST GUARD	******	$11,180,068
			============
14.	AVERAGE COST PER DAY DURING TIME PERIOD		$124,223
15.	TOTAL RESERVE PERSONNEL AT END OF TIME PERIOD		872

(QUARTER 2 BASE - COSTS INCURRED IRRESPECTIVE OF HOSTILITIES)
AS OF 02/21/91

11.7	MILITARY PERSONNEL	$5,862,729
12.2	MILITARY PERSONNEL BENEFITS	$568,546
21.0	TRAVEL AND TRANSPORTATION	$1,253,063
26.0	SUPPLIES & MATERIALS	$2,771,552
31.0	EQUIPMENT	$724,178
25.0	OTHER SERVICES	$0
	TOTAL	$11,180,068

COAST GUARD SUMMARY OF DESERT SHIELD FY91 COSTS (QUARTER 2 INCREMENTAL INCREASES DUE TO HOSTILITIES)

AS OF 02/21/91

1.	TOTAL PSU RELATED COSTS (3) (EXCEPT TRNG) =		$0
2.	LOADOUT SUPERVISION COSTS IN U.S.=		$0
3.	TOTAL BOARDING TEAM RELATED COSTS =		$0
4.	ADDITIONAL PSU BOATS IN PERSIAN GULF		0
5.	INCONUS MEDIVAC FLIGHTS IN SUPPORT OF DESERT STORM		$335,274
6.	TOTAL COSTS EXCEPT TRAINING		$335,274
			============
7.	PORT SECURITY UNIT REPLACEMENT TRAINING COSTS		
	EQUIPMENT/UNIFORMS		$0
	AMMUNITION		$0
8.	CONTINGENCY FUNDS		$0
9.	RESERVE APPROPRIATION PSU RETRAINING COSTS =		$0
10.	HOST NATION SUPPORT		$0
11.	TOTAL ALL CG COSTS FOR DESERT SHIELD =	*******	$335,274
			============
12.	LESS COSTS REPROGRAMMED/REIMBURSED DIRECT HOST NATION SUPPORT		$0
13.	NET INCREMENTAL COSTS TO THE COAST GUARD	******	$335,274
			============

COAST GUARD FY91 DESERT SHIELD COSTS BY OBJECT CLASS (QUARTER 2 INCREMENTAL INCREASES DUE TO HOSTILITIES)

AS OF 02/21/91

11.7	MILITARY PERSONNEL	$0
12.2	MILITARY PERSONNEL BENEFITS	$0
21.0	TRAVEL AND TRANSPORTATION	$0
26.0	SUPPLIES & MATERIALS	$335,274
31.0	EQUIPMENT	$0
25.0	OTHER SERVICES	$0
	TOTAL	$335,274

COAST GUARD RESPONSIBILITIES IN OPERATION DESERT STORM

Senator **Lautenberg**. One of the things that I was very impressed with was the number of reservists who volunteered to come in and to go. And it was certainly noteworthy as we saw the general response to the conflict. But the Coast Guard people were there—volunteering to be there. How long a presence might some of your people have there?

Admiral **Kime**. Mr. Chairman, it is difficult to say. I think some of the issues we are working right now with the Navy and the State Department is what role we will have in several areas. First, is, of course, there is a great deal of equipment, ammunition, hazardous materials, that have to be removed from the Kuwait theater and brought back to the United States. The same ships that brought the equipment over will bring it back, and certainly I think we expect to be asked to assist in supervising the loading of this material so that it gets safely back and does not pose a hazard to our ports in the United States, the ones it came from, all the way from Bayonne around to Seattle and Tacoma.

In addition to that, there is concern, I think, for the security from the water side—a possibility of terrorism. I think we will have to see what the assessment is and see if our people will be needed for that.

And then of course there is the area of nation building, as in Grenada and Panama where we were called upon to have a significant presence in country after hostilities ended to help the host country put together a maritime defense force or security force of some type. The duties that would be expected of such a force are very similar to the ones that we have. We did this type of work in 32 countries last year, and there is, we feel, a distinct possibility this could happen.

Senator **Lautenberg**. You have developed perhaps the best bank of expertise on management of problems with oilspills in the waters, and it is a skill that is a very valuable resource. And I believe that you are going to be called upon by countries in that region for some time to come, and I do not know what the capacity is to render those kinds of services. But certainly you will be asked.

You know how actively interested I was in the *Valdez* incident in Alaska which still has effects that could be described as almost permanent in nature. When the recent report was issued that, in some cases, animal species, bird species, are almost extinct in the area and have to be nursed back to an active representation. So your branch of the service as it expands its skills and as we expand our requirements for cleaner harbors, cleaner oceans, and cleaner rivers as well as containment of the damage that results from oilspills will continue to be in the center of things. And we would like and hope that you continue to handle it.

NEED FOR SUPPLEMENTAL

So what will be the long-term effects on your operational capability that might result if you were not able to receive the supplemental funding you have requested?

Admiral **Kime**. Well, Senator, I think there would be a significant impact. As I indicated in my prepared statement, we are taking the funding of this from our fourth quarter fiscal year 1991 maintenance budget and the money we are talking about here, $18.9 million, is about one-third of that maintenance budget for our fourth quarter. I think we can all remember the significant impact that a $60 million shortfall had on Coast Guard operations several years ago, prior to receiving the supplemental for that amount.

We have currently managed to minimize the impact on our operations by rotation of our people and the very strong presence of our Coast Guard reservists, because as you mentioned, we did not want to reduce our capability in this country to respond to oilspills while at the same time providing the assistance that the President and the Saudis have requested over in the Persian Gulf. Also, we did not want to minimize our effort down in the Caribbean and in the Pacific to keep drugs from coming into this country.

Senator LAUTENBERG. The $19 million that you have requested, approximately $19 million, represents what percentage of your total annual maintenance budget?

Admiral KIME. Senator, the total annual maintenance budget for the Coast Guard is about $341 million. And this represents about 5.6 percent of that. But, as I say, it represents almost 33 percent of the fourth quarter.

Senator LAUTENBERG. If you had to push these costs that you have incurred to the next year, would you require a higher appropriation for 1992?

Admiral KIME. Well, Senator, I think we would. And even then, though, I think my concern is what is going to happen by deferring maintenance or having to slow down operations. The impact in the meantime, as you so well know from your efforts to support some of the things we are trying to do, is our shore plant is old and it has not received the proper maintenance. Our buoy tender fleet is approaching 50 years of age.

Senator LAUTENBERG. That is not so old. Go ahead.

Admiral KIME. I appreciate your saying that, Senator.

Senator LAUTENBERG. It is old for a ship.

COVERING OTHER SERVICES DURING GULF CRISIS

Have you had to reduce services that you normally perform as a result of the involvement in the Persian Gulf, like vessel inspections? Are they happening with less frequency? Is there any other specific mission that you had that you had to either delay or not perform as a result of your responsibilities in the gulf?

Admiral KIME. No; I think by some judicious use of our people we have been able to cover ourselves. Let us talk about vessel inspections that you mentioned. We did move people from around the country to participate in the inspection of the Ready Reserve fleet as it was broken out. That was a short-term operation. The loadout has been very manpower intensive. You certainly are aware of the amount of sealift that was necessary to get the fighting machine that we have in the Persian Gulf over there in a timely way. And as cargo and ships were coming together, many times we had very short notice as to where this would be. We had to have the experts there to supervise the loading. We did this through judicious use of our Reserves.

The boarding teams that I mentioned came from our law enforcement detachments that we have. And at any one time we were using about 10 percent of those people. We were able to rotate them in and out of country after about a 90-day stay. And that did not have a significant impact.

To give you an example, during the first quarter of fiscal year 1991, the Navy offered up 38 ships, requesting that our law enforcement detachments be employed there. And we were able to provide them in 36 of the 38 cases. The two cases we did not, we probably would not have anyway. They were fleet oilers, and we did not feel that they posed a target of opportunity to interdict drug smugglers.

As I say, the utilization of the Reserves has been very, very important. And training our Reserve force, they have been augmenting our regulars in just the things that they were being asked to do. The military exercises that we conduct every year with the Navy involve our people supervising load-outs such as Reforger, Return of Forces to Europe, that occurs every year is the type of thing that we participated in.

In addition, three port security units that we sent over had been established just for this very purpose—to do this same type of thing in some different ports with a different enemy. But they were developed just for that. And that is why they were able to be deployed, to be in-county, within 10 days of getting notification that they were needed.

Senator **LAUTENBERG**. That reserve corps is important. You were satisfied, I guess, when they were called up, with the level of training they had and their skills readiness.

GULF OILSPILL

The President has appointed the Coast Guard to lead the interagency task force in advising Saudi Arabia on the gulf oilspill. There has been a debate over the size and potential for permanent environmental damage. Can you give us an unclassified update on the spills there, the principal spills?

Admiral **KIME**. Yes; I can, Senator. I can't talk about the source of the spill, but I can give you the results of our latest surveys.

I think the estimates of oil, and now that hostilities have ceased I think we can do a bit better, the estimates of oil along the coast of Saudi Arabia, and we cannot speak of Kuwait at this time because we have not been there, between 20 and 100 million gallons of oil, just offshore.

The media has reported another big slick in the middle of the gulf. We have been tracking this for some time. I do not want to say 1 million gallons is small, but relative to 20 or 100 million, it is, and this is in the center of the gulf.

I think we are very fortunate, if you can call any part of an oilspill fortunate, that the winds have been very good to us just as they were out in California for the *American Trader* spill.

They have blown the oil on shore. Some environmentally sensitive areas have been hit. But the most important have not been. The oil goes down as far as Abu Ali Island, which forms almost a pocket, very much like the crook of Cape Cod, and a good amount of the oil is pocketed in there now with the winds holding it on shore. Some cleanup operations are going on there. We hope that we will be able to get a good bit of it.

I think that points out the need for an open water skimming capability. There are some ships over there now provided by other countries. We do not have that capability in this country. When I appear before you later to talk about our 1992 budget, I am going to indicate that we have an oilspill cleanup capability designed in our new replacement buoy tender.

As far as the desalinization plant is concerned, the one at Al-Jabal, that has not been impacted yet. I think we would have to go into closed session, or I could speak to you privately, to talk about what I think the future of that is going to be.

ASSESSING ENVIRONMENTAL IMPACT OF SPILL

It is too early, I think, to assess the environmental impact of the spill. I think once we can get more people on the shore and into the areas, the shoreline, that have been impacted, we will know a bit more.

In the areas where there is sand, obviously, this will come up very easily as it did in southern California. There are some marshy areas there. There are some shrimp beds. There are some turtle habitats. And there are some sea animals very similar to manatees that we have in Florida that possibly have been impacted, plus birds.

We are not really certain of the extent of the impact on birds right now. There has been an estimate based on a survey of a few miles that perhaps as many as 10,000 birds have been affected, but that is an extrapolation. I really do not think it is that much. But, again, we will just have to wait until we can get people in there and see.

The Saudi Government is retaining responsibility for the cleanup. As I say, we are in charge of the international information and assessment team over there.

In addition, the United States was instrumental in the negotiation of a treaty. I had the privilege of heading the U.S. delegation to that convention in London last November to develop an oil pollution preparedness response cooperation treaty.

Even though that treaty has not entered into force—the United States has signed it, but we have not ratified it yet, and we will be coming to the Senate very shortly to do that—we have used the mechanism internationally that was accepted. The Coast Guard had seconded one of our officers to the IMO prior to the development of the treaty to help IMO set up a coordinating mechanism internationally and have the ability to be a source of receipt of funds that countries might want to contribute.

This Coast Guard officer now is in charge of that international effort wearing his IMO hat. Our involvement has been not only directly from this country, but in the international effort, too.

Senator LAUTENBERG. Do we see in your supplemental any costs that you have encountered to evaluate the oilspill as part of the interagency task force?

Admiral KIME. No, Senator.

Senator LAUTENBERG. Why not?

Admiral KIME. The cost that we have incurred so far for that effort is about $1.2 million. That includes the team over there—we have got about 27 people there—and of course the two aircraft that are there, plus we have made four trips over and back with aircraft to get them there.

In putting together the supplemental, the Department of Defense and the administration, with our concurrence, felt they would like to restrict the supplemental to cover only those purely military areas of the involvement. We hope that this $1.2 million will be recoverable, either from the Iraqi Government, from the Saudis, possibly from DOD, or from the State Department.

RESERVE TRAINING ACCOUNT

Senator LAUTENBERG. I want to ask you a question in connection with other parts of this supplemental. I do not see any additional funds for your Reserve training account. Is that because the training requirement cost of your Reserves are offset by savings incurred when those reservists are moved onto active duty?

Admiral KIME. That is exactly right, Senator. We feel that it is just about a wash right now. It is difficult in the short time here and in a dynamic situation to say for certain, but obviously the great many reservists who have been called up, and during one period of time or another we have called up over 1,300, they, of course, do have funds programmed for them, appropriated in the 1991 budget for active duty training.

And, therefore, those funds would not be used for that purpose this year. It is just about a wash right now, our best estimate.

Let me mention also, that in all cases we have only asked for incremental funds in determining the amount of the supplemental.

COAST GUARD RESERVES

Senator LAUTENBERG. I was interested in something else, that your budget request for 1992 is the first budget we have seen in a number of years that does not ask for an increase in the number of Reserves. Now, that budget was developed before the hostilities in the gulf. And we have just experienced the largest sealift operation in U.S. history, and that is a mission that puts quite a demand on the Coast Guard. Yet, you only had to call in 11 percent of your Reserve force.

Can we learn anything from that? Does that indicate the need for less or stable Reserve corps? Or does it tell us something else that we ought to know about and are you reexamining that issue?

Admiral KIME. Senator, you are exactly right that we are reexamining that issue. Let me kind of set the stage for my answer to your question. About 4 or 5 years ago, the Coast Guard developed a 10-year plan for increasing the size of its Reserves so that we would have enough people, trained people, available to fill all the billets that we have in the various war plans of our various specified and unified commanders that have tasked the Coast Guard with functions. And that would increase us from about 12,000 to about 25,500. That number is very close.

We have, in the past, asked for an increase which has not been funded. And that caused me, even before the Persian Gulf, to indicate that my strategy for fiscal year 1992 would be to try to maintain the same level of fully trained reservists while we reassessed the situation to see why we were not getting support, to see if our needs were still valid.

I think now that the Persian Gulf incident has happened and because of the strong reliance on Reserves—not just of the Coast Guard, although we had a higher percentage of our total reservists called up than any other service—I think it is recognized that the other four services and the National Guard played a very major role.

We will be working with the Department of Defense in their reassessment of the total force mix, as to what we want to do. I think by the fiscal year 1993 budget, we will have a better idea that we could substantiate as to what our force structure ought to be. And if it is necessary to increase it, we will have a proposal then.

COAST GUARD RESERVE'S 50TH ANNIVERSARY

Senator LAUTENBERG. Isn't this the 50th anniversary of the Coast Guard Reserve?

Admiral KIME. It certainly is, Senator. I was down in St. Augustine the day before yesterday, visiting our air station down there where we operate the E–2C's in the drug war. That is the place where the Coast Guard Reserve began. That is where we had our first officer candidate school for the reservists, and we are beginning our 50th anniversary.

It is very difficult, I think, for anybody to stay good for 50 years. Organizations, perhaps not people, organizations.

Senator LAUTENBERG. I did not think you were talking about the chairman here. I just wanted to ask you one more thing. You mentioned the fact that you had some of your aircraft having left Cape Cod. Where do they fly out of in Cape Cod?

Admiral KIME. We have an air station on Cape Cod, Senator. It is at Otis Air National Guard Base.

AIREYE SYSTEM

Senator LAUTENBERG. The time of last year's hearing, only one of your three Aireye systems on Falcons were operational. Two of those three have flown out of the Cape and they are in the Persian Gulf. Do we have a Falcon jet with the operational Aireye system operating here?

Admiral KIME. Senator, the system, as established, is for six aircraft fitted with Aireye, three at Cape Cod and three down at Miami. We sent two of the aircraft over. We have three systems in our inventory. Two were operational. Those two were sent over.

So our backup right now in the United States is the side-looking airborne radar that we have on our C–130's down at Elizabeth City, that was developed for the International Ice Patrol. So that would be the backup until such time, if we had a need in this country, to bring back one of these Falcon jets.

Senator LAUTENBERG. Do they have the equipment to survey a large oilspill and be able to tell us what you need to know.

Admiral KIME. Yes, sir; the side-looking airborne radar, while just a different pod—it is 16 feet long on the C–130 and 8 on the

Falcon—does the same type of survey. It does not have the infrared and ultraviolet sensor. But based on our experience, certainly my personal experience off the coast of California, the SLAR is one of the key things that we need. That is what we are using right now in the Persian Gulf, and they could be used on short notice if we had a spill here.

Senator LAUTENBERG. Would the acquisition of new Aireye equipment be considered as part of the development of the 1992 budget?

Admiral KIME. It is not in the 1992 budget now, Senator. That is one of the things, I think, as a result of OPA 90 we are looking into. Do we need either an expansion of the Aireye capability or to take another look at a state-of-the-art type of system to be able to do that, because the system we have now is very effective for the spill on the west coast. We certainly brought the Falcon down for that. And when we had the spills down in the Gulf of Mexico this past summer, we brought the Falcons down to do that and they performed very well.

DOMESTIC OILSPILL READINESS

Senator LAUTENBERG. So with some of your top people in the Persian Gulf and some of the equipment diverted there, do we still have the capability of dealing with the oilspill problems here that we need to have in readiness mode?

Admiral KIME. Yes; we do Senator. And we looked at that very carefully because, while we have 27 or 28 Coast Guard people over there right now, and some of them have experience from Alaska, et cetera, we have not sent a significant number of people over. We have not received a request from the Saudis for equipment or more people, and we have no plans to send anymore at that time.

One of the reasons you have hit on, we do have a limited capability here as we pulled up to the goal that OPA 90 has set for us. And also we have to recognize that there is considerable amount of commercial equipment available in the country over there that is being utilized by the Saudis, equipment that ARAMCO and other oil companies in the area had.

So I do not think we have left ourselves uncovered here in the United States, and that was a major consideration of mine.

PREPARED STATEMENT

Senator LAUTENBERG. We thank you very much, Admiral, for being with us. I have a statement, a very complimentary statement by Senator Barbara Mikulski who is on the subcommittee. She could not be here and she asked that this statement be included in the record, which we have agreed to.

[The statement follows:]

STATEMENT OF SENATOR MIKULSKI

Admiral Kime, it's always a pleasure to see you, and especially today as we wind down the war in the Persian Gulf. We are deeply and profoundly grateful to all of our uniformed services for their courage and their outstanding performance in the war against Iraq. The Coast Guard hasn't received the headlines that some of the other services have received, but you've played an important role in the Gulf War, and we thank you. You've added yet another chapter to the Coast Guard's 200-year history of remaining "Semper Paratus"—always ready to assist our nation in its time of need.

I understand that the Administration has requested in the Supplemental Appropriations bill $18.9 million to reimburse you for your activities in support of Operation Desert Storm. I know that you have to be the good soldier and support the President's request, but I hope you know that if you ever need to express privately the need for a little extra help, the Senator from Maryland is always available to you. I especially hope we succeed in getting our allies to reimburse you for your cost in offering our expertise on oil spill cleanup issues.

Again, we thank you, we're glad to see you, and we look forward to your testimony today.

SUBMITTED QUESTIONS

Senator LAUTENBERG. Admiral Kime, additional questions will be submitted for written response. We ask that you respond as quickly as possible.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SENATOR LAUTENBERG: Admiral, in your statement you note that you have borrowed the funds for your incremental Desert Shield costs from funds earmarked for maintenance activities in the fourth quarter. Please describe the likely effects on your long term operational capability that would result if you were not to receive the supplemental funding you have requested.

ANSWER: Deferring fourth quarter maintenance was selected because of the flexibility allowed by scheduling the maintenance as usual but withholding the funding until the supplemental request was received. Should no funds be provided, the Coast Guard would have to strike a balance between deferring some level of maintenance into FY92 and reducing operations to fund the essential maintenance. Remaining unfunded maintenance could reduce the operational capability of Coast Guard units by reducing their mission readiness, by increasing the number and severity of engineering casualties and by reducing the useful life of equipment that would not receive adequate preventive maintenance.

SENATOR LAUTENBERG: As part of a multi-mission agency, Coast Guard units must be sufficiently flexible to change their focus as circumstances require. Have the port security requirements in this country required your individual units to turn their attention away from other missions? What aren't your units doing in order to enhance their port security efforts?

ANSWER: The requirement for enhanced port security had a temporary impact on the marine safety and environmental protection missions. Because of Operation Desert Shield and Desert Storm, we were required to temporarily refocus some Marine Safety Office and Captain of the Port activities at those ports with the higher levels of loadout and resupply activity. In a limited number of instances, personnel resources were redistributed and discretionary mission activities were cut back. These activities were primarily preventative in nature and included such things as foreign vessel boardings, facility inspections, and routine harbor patrols. Some administrative activities were also temporarily scaled back, including the review of facility operations plans and the development and review of other planning type documents. In the busier ports, we also experienced a decrease in the time available for normal preventative maintenance, repair, and training. The significant contribution provided by our reserve contingent mitigated the overall impact on most marine safety missions while allowing the required enhancement of port security.

SENATOR LAUTENBERG: Has the deployment of law enforcement detachment teams to the Gulf had an impact on the availability of those teams for drug interdiction boardings around the U.S.?

ANSWER: No. LEDETs deployed on 36 of 38 available U. S. Navy (USN) ships in the first quarter of FY 91. We declined to place LEDETS on two Navy oilers. The availability of Navy ships for law enforcement missions has generally not been affected by Desert Shield/Storm.

SENATOR LAUTENBERG: Have other active duty personnel or reservists been reassigned to law enforcement detachment teams in order to maintain the normal rate of drug interdiction boardings?

ANSWER: The 40 law enforcement detachment team (LEDET) personnel deployed to the Mideast represent approximately 9% of the total LEDET force. This relatively small percentage of total LEDET personnel, combined with the steady level of Navy drug law enforcement operations, has not yet required active duty or reservist reassignment to the LEDETs in order to maintain the normal rate of drug interdiction boardings.

SENATOR LAUTENBERG: Admiral Kime, this recent operation has brought about the first involuntary call-up of your reserves. Were there any major glitches in this first call-up of your reserves? Have we learned any early lessons from this experience that will require some changes in plans or policy?

ANSWER: There were no major problems in the call-up of Coast Guard reservists in support of Operation Desert Shield or Desert Storm. Overall, reservists were prepared to fulfill their mobilization assignments. Early administrative lessons learned were that having Reserve pay and personnel systems fully integrated with the active duty systems would better facilitate Reserve mobilization; that there was an initial deficiency in knowledge of DOD supply systems and procedures for the Reserve units deployed to the Persian Gulf; and that many families of reservists were not prepared for the immediate long-term overseas deployment of family members. Detailed data are currently being gathered from reservists returning from the Persian Gulf. Operational and tactical lessons learned, as well as these administrative lessons, will be analyzed and incorporated into future plans, policy and training programs.

SENATOR LAUTENBERG: You have utilized all three of your port security units that were specifically trained for service overseas. Once they were deployed to the Gulf, you were required to train more reservists on a voluntary basis to meet the demand for this specialty. What does this tell us about the current balance of specialties within the reserve corps? Is the current balance of specialties among the reserves more oriented to a cold war environment than this kind of regional conflict? Are these issues currently being reassessed?

ANSWER: The current balance of specialties, skills and qualifications in the Coast Guard Selected Reserve is adequate to meet our mobilization requirements. The Coast Guard Reserve mobilization mission is the same for a cold war environment as for a regional conflict. The Coast Guard is tasked with providing three Port Security Units (PSU) and all three units were initially deployed. The training of additional reservists to act as replacements for the deployed PSUs was a precautionary action based on the initial limited duration of the call-up authority (90 plus 90 days). The reservists volunteering for replacement training had the basic skills and qualifications necessary, but needed additional small arms training and training specific for the Persian Gulf operating environment. Once the partial mobilization call-up authority was invoked and the duration of the initial call-up was extended for up to one year, the issue of trained, qualified replacements became less immediate. The PSUs are only one small element of the mobilization requirement. The Reserve also provides CONUS strategic port loadout security and additional marine safety personnel. All these skills were utilized in Desert Shield/Storm.

SENATOR LAUTENBERG: The President has appointed the Coast Guard to lead the interagency task force in advising Saudi Arabia on the Gulf oil spill. There has been much debate over its size and potential for permanent environmental damage. What percentage of the spill do you believe has a chance of being cleaned up in the long run?

ANSWER: It would be highly speculative to estimate since no one knows how much was spilled. It is, however, a relatively stable environment with most of the oil near the shore. If sand does not mix with and sink the oil, there is a potential to recover a somewhat higher percentage of oil than is generally recovered. Based on past experiences, typical estimates of the amount of oil recovered at sea run in the range of 10-15%. Percentages for recovery of oil on shore varies widely with shoreline characteristics, recovery methods, and meteorological conditions.

SENATOR LAUTENBERG: Are there adequate resources in terms of skimmers and trained personnel to do an adequate cleanup in that area?

ANSWER: At the outset, there were not; however, the international community is making necessary equipment and personnel available to the Saudi government. The Saudis have the financial capacity to contract for whatever equipment or technical support they may find necessary.

SENATOR LAUTENBERG: Is the Coast Guard likely to continue to have an advisory role with the Saudi Government during the cleanup of this spill?

ANSWER: That has yet to be fully determined. We still have personnel on scene and as a member of the international team, there is a possibility that we may continue to be involved, if only in the role of an observer. Initially, the Coast Guard provided expertise in the technical and organizational aspects of the response efforts. Now that the situation has stabilized, the Saudi government has additional resources available to assist them. The Coast Guard will have a continued interest in the cleanup techniques, however, and may want to have a small cadre stay to study the response.

SENATOR LAUTENBERG: Might you be reimbursed for your cost related to the spill? If so, by whom?

ANSWER: Although we will pursue several avenues for reimbursement, including the governments of Iraq, Saudi Arabia, and Kuwait (via the State Department), it is quite possible that we will not be fully reimbursed, and that we will have provided the assistance from our existing resource base.

SENATOR LAUTENBERG: Many of your top personnel in the marine safety and environmental protection office have been required to focus on the spill. These same officers are also responsible for the implementation of last year's Oil Pollution Act and administering the extra funding we provided last year for pollution prevention activities. Have the two other initiatives suffered at all from the need to focus on the Gulf spill?

ANSWER: Not substantially. The Coast Guard partitioned off an Oil Pollution Act of 1990 implementation staff in partial recognition of such an eventuality. However, at top management levels there has inevitably been some diversion of attention, particularly during the early stages of Coast Guard involvement as advisors to Saudi Arabia.

SENATOR LAUTENBERG: Have the taskings of Coast Guard personnel in the Gulf changed significantly since initiation of the ground war?

ANSWER: No. Boarding team members have continued with maritime interception operations in the Red Sea while our Port Security Units (PSU) have continued to provide waterside security in three Saudia Arabian ports: Al Jabayl, Bahrain, and Ad Dammam. A detachment from one of our PSUs in Bahrain was temporarily deployed to the port of Al Mishab, Saudia Arabia, to provide waterside security during the ground phase of the war for Marines during an administrative off-load of combat equipment.

SENATOR LAUTENBERG: I see that no additional funds are requested for your reserve training account. As I understand it, that is because the training requirement costs of your recalled reservists are offset by the savings incurred when those reservists are moved on to active duty. Will there be an increase or a reduction in training hours for those reservists who are not recalled in 1991 as a result of this policy? If there is a reduction of training hours in 1991, will this change endanger the ability of any reservists to remain certified in their specialty?

ANSWER: There will be no change to the usual Reserve training programs for those reservists not recalled to active duty during fiscal year 1991 in support of Operations Desert Shield or Desert Storm. Reservists not recalled will still be scheduled for 48 inactive duty drills and 2 weeks of annual duty training.

SENATOR LAUTENBERG: Your supplemental budget request includes $300,000 in the second quarter for Port Security Unit Replacement Training Costs. Why aren't these funds requested in the Reserve Training account?

ANSWER: The $300,000 requested for Port Security Unit Replacement Training Costs covers only the purchase of mission-specific equipment and uniforms in preparation for deploying these units to the Persian Gulf. The items procured would normally have been procured from the Coast Guard's Operating Expenses (OE) appropriation regardless of whether the unit being outfitted was a reserve unit or an active duty unit. Other items, which were normally procured from the Reserve Training (RT) appropriation, were funded from the RT account. Our request for supplemental funding does not include reimbursement for those items because they were offset by savings in the RT account, which resulted from not having to conduct annual training for those Reserve personnel who were called to active duty.

SENATOR LAUTENBERG: Please provide a detailed table showing the unanticipated costs and savings in the Reserve Training account resulting from Operations Desert Shield and Desert Storm.

ANSWER: The following tables contain the unanticipated costs and savings incurred by the Reserve Training Appropriation during fiscal year 1991.

FY 1991 COSTS OF TRAINING REPLACEMENT RESERVISTS FOR DUTY OUTCONUS
[In thousands of dollars]

Trainee Personnel	
Travel	$ 172
Pay/Allowances of Reservists	1,047
Quarters/Subsistence	223
Subtotal	1,442
Staff Personnel	
Travel	99
Pay/Allowances of Reservists	390
Quarters/Subsistence	255
Subtotal	744
Support Costs	
Transportation of Equipment	84
Boat Fuel	40
Medical Supplies	26
Communications	9
Equipment/Supplies	322
Subtotal	481
Grand Total Training Costs	$2,667

FY 1991 RESERVE PROGRAM SAVINGS RESULTING FROM RESERVISTS PERFORMING ACTIVE DUTY
[In thousands of dollars]

Annual Duty Training Waived for Members Deployed OUTCONUS	$ 610
Inactive Duty Drills Waived for Members Deployed OUTCONUS	316
Annual Duty Training Waived for Members Assigned INCONUS	1,560
Inactive Duty Drills Waived for Members Assigned INCONUS	258
Grand Total Reserve Program Savings	$2,744

SENATOR LAUTENBERG: Have all your active duty personnel deployed to the law enforcement detachment teams in the Gulf now been rotated? What about the recalled reservists? Do you have additional reservists adequately trained to rotate all of the reservists?

ANSWER: Law enforcement detachment personnel have been rotated twice in theater to date. Due to the tempo of normal deployments for the law enforcement detachments, the Joint Staff approved a 90-day rotation policy for these personnel. The ten original teams were replaced by ten fresh teams during November. The second set of ten teams was replaced during February by five teams in the Red Sea only, because there was no further requirement for teams in the Arabian Sea.

The Coast Guard is now in the process of rotating our recalled reservists in the Port Security Units (PSU). We originally deployed three PSUs to the Gulf, and began training replacement units for them in January. We will have three trained replacement units by the end of March. Two of these replacement PSUs will shortly deploy to the Gulf. The Coast Guard will continue these rotations in accordance with the requirements of the theater commander.

SENATOR LAUTENBERG: Has the experience of Operations Desert Shield and Desert Storm revealed any glaring weaknesses in terms of the training of our active duty Coast Guard personnel or reservists?

ANSWER: Overall, both active duty and Reserve personnel were prepared to fulfill their assignments in support of Operations Desert Shield and Desert Storm. Active duty personnel assigned to Law Enforcement Detachments (LEDETs) in the Persian Gulf were fully trained and qualified as boarding teams prior to their deployment. LEDET members utilized their training and experience to board merchant vessels in the theatre. They also provided training to U.S. Navy personnel in boarding techniques.

Participation in Operation Desert Shield and Desert Storm has proved the value of the Reserve augmentation training program in preparing reservists for their mobilization assignments. Coast Guard reservists recalled to active duty and assigned to port outloading operations, Ready Reserve Fleet preparations and Merchant Mariner recalls in the United States were fully trained and qualified for their assignments prior to their call-up. Port outloading operations were flawlessly accomplished from as early as August 2, 1990. The three Coast Guard Reserve Port Security Units deployed to the Persian Gulf reported, received ramp-up training and briefings, and were deployed within ten days of their recall. They were fully prepared to execute their mission.

SENATOR LAUTENBERG: Was there an adequate capability to train the personnel deployed to the Gulf for biological and chemical warfare or was this handled hastily?

ANSWER: Both active duty and Reserve personnel deployed to the Gulf received a refresher standard DOD course in chemical, biological and radiological (CBR) warfare training prior to their deployment to the Persian Gulf. CBR training is an integral element of the active duty training program and is regularly reviewed. The Coast Guard Reserve has a very limited need for routine CBR training as 97 percent of our members have mobilization assignments within the United States where the risk of CBR warfare is low. The Reserve Port Security Units deployed to the Persian Gulf received periodic CBR training as part of their normal training program. The active duty personnel deployed to Law Enforcement Detachments also participated in extensive CBR training given aboard Navy vessels stationed in the Gulf. Regular CBR training and refresher training prior to deployment adequately met Coast Guard requirements.

SENATOR LAUTENBERG: I understand the Coast Guard has served in assisting the Navy in training its own personnel. Have there been any glitches in cooperation with the Navy? Has the Navy been receptive to training by the Coast Guard personnel?

ANSWER: The Coast Guard has always had good relations with the Navy ... Desert Shield/Storm was typical of that cooperation. The Navy has been extremely receptive to our training. The Navy requested training for their boarding team members on board Navy ships preparing to deploy to the Red Sea and Persian Gulf. The training consisted of vessel approaches, vessel identification, boarding techniques, crew control, and search and seizure techniques. Training was provided at Mayport, San Diego, Charleston and Norfolk naval bases.

SENATOR LAUTENBERG: Your budget justification for your supplemental request shows a $415,000 offset for "host nation support." What nation is providing host nation support, and what forms has this support taken?

ANSWER: Saudi Arabia is providing some host nation direct support in the form of berthing, food, travel/transportation, and fuel. The costs for this direct support are not included in the Coast Guard's Supplemental Budget Request.

SENATOR LAUTENBERG: Your budget request for the Desert Storm supplemental includes the cost of logistics flights in support of Operation Desert Shield in both the first and second quarter. Please provide the number of flight hours anticipated for each quarter broken down by aircraft type. Please also provide the cost per flight hour utilized for each aircraft type. If the cost per flight figures are different than those normally used in calculating the Coast Guard annual budget requirements, please explain why.

ANSWER: The flight hours anticipated for the first two quarters, broken down by aircraft type, are:

Aircraft type	First quarter	Second Quarter
HC-130	376 hours	342 hours
HC-130 (MEDIVAC)	0 hours	228 hours

The calculations for cost per flight hour used for HC-130s are:

Fuel	$914.00
Unit level maintenance	$60.00
Depot level maintenance	$497.00
	$1,471.00

These costs per flight hour represent only the variable costs of operating a C-130 above programmed flight hours and are less than those used in calculating the Coast Guard annual budget requirements at the programmed hour rate.

SENATOR LAUTENBERG: Has the Defense Department sought the use of your C-130s for INCONUS or international flights in the past during Peacetime? If so, have you been reimbursed in full for each of these flights?

ANSWER: The Defense Department has sought the use of Coast Guard C-130s for INCONUS and international flights in the past. The Coast Guard has generally responded positively provided the aircraft were available. The Coast Guard has not been reimbursed in full for all situations, since, in many situations, we were able to accommodate the request concurrently with carrying out our own missions. The requests from the Department of Defense have been limited.

SENATOR LAUTENBERG: Did your use of the C-130s for logistical flights lessen the availability of these aircraft for other missions? If not, why not?

ANSWER: The use of these aircraft did lessen the availability of these aircraft for other missions during the first and second quarters. To minimize the immediate impact, the aircraft used for these logistical flights are those that are normally tasked heavily in the third and fourth quarters for Pacific fisheries patrols. With supplemental funding, the overall impact on availability through the remainder of the year will be minimized.

SENATOR LAUTENBERG: Your budget request for the Desert Storm supplemental includes a $650,000 item in the second quarter for additional Transportable Port Security Boats. Are these new boats already in use in the Gulf area? What was the Coast Guard's inventory of such boats before the initiation of Operation Desert Shield?

ANSWER: No, these new boats are not yet in the Gulf. Delivery of the six boats won't be completed until the end of March. The PSU that is assigned to the port of Al Jabayl, Saudia Arabia experienced difficulty in safely operating the smaller port security boats due to harsh weather and unprotected port conditions. The six new boats to be assigned to Al Jabayl are larger, more seaworthy versions of the boats currently in service and capable of operating in that environment. There are twenty four Port Security Boats in our inventory: eighteen boats were deployed to the Gulf; six spare boats have been used for training replacement personnel.

SENATOR LAUTENBERG: Given that it appears that hostilities may come to a close in the near future, do you still expect to deploy these boats to the Gulf?

ANSWER: Although the hostilities have ended, the theater commander foresees a continued need for Port Security Units while our forces are redeployed. However, the Coast Guard and theater commander are reevaluating all involvement in the Gulf since the conflict ended. No decisions have been made, but we anticipate continued Coast Guard participation in post Desert Storm activities ... deployment of the additional boats will be contingent on those decisions.

SENATOR LAUTENBERG: What use do you expect to have for these boats once your Gulf operations are completed? What annual maintenance costs do you anticipate to be associated with these boats?

ANSWER: After Gulf operations are completed, the Coast Guard intends to place three of the six new boats in long term dry storage. These boats will be made ready for future deployments should the occasion arise ... this was the case with the boats currently deployed in the Gulf. The other three new boats will be kept in service and used for training PSUs. Based on past experience, we anticipate annual maintenance costs for operating the training boats to be approximately $15,000. The cost to prepare, store and maintain the other three is small.

SENATOR LAUTENBERG: Your budget justification for the Desert Storm supplemental includes only one item for costs incurred as a result of hostilities -- that is $335,000 for INCONUS medical evacuation flights. How many of these flights have taken place to date, and how much of that figure has been spent for this activity?

ANSWER: No Coast Guard medical evacuation flights have taken place to date in support of Desert Storm. This amount was a forecast percentage of the total logistical support estimated for the remainder of the second quarter.

SENATOR LAUTENBERG: How many flight hours have been logged to date for logistical flights, and how much has been spent to date for such flights?

ANSWER: As of 28 February 1991, 912 C-130 flight hours have been logged for logistical flights in support of Desert Shield/Storm. This is just 34 hours shy of the 946 total C-130 flight hours (including MEDIVAC) contained in our supplemental funding request. The Coast Guard has spent $834,000 in fuel, $508,000 in maintenance and $4,000 in per diem for a total of $1,346,000 on these flights.

SENATOR LAUTENBERG: Are there any items (equipment, supplies, personnel costs, etc.) that will be purchased with any part of the funding requested in this supplemental that were initially included in your budget request for FY 1991 but are not now funded or are not expected to be funded in your final OPSTAGE budget for FY 1991? Similarly, are there any such items that will be purchased with supplemental funds that are included in your FY 1992 request?

ANSWER: No equipment or any other item purchased for Operation Desert Shield or Operation Desert Storm is included in either the FY91 or FY92 budget.

SENATOR LAUTENBERG: Included in your supplemental request for "supplies" is funding for night vision equipment. Is this equipment at all similar to the "Night Vision Goggles" funded in both OE and AC&I in FY 1991 and requested in AC&I in FY 1992? Please describe the similarities and/or differences in the equipment. Please cite the number of units you have purchased/intend to purchase with supplemental funds.

ANSWER: The request for night vision equipment funding is for night vision scopes for the Coast Guard Port Security Units (PSU). These are power, hand-held monocular surveillance scopes capable of taking pictures or video recording. They are not authorized for use at a flight control position in an aircraft. The "Night Vision Goggles" requested in the Operating Expenses and Acquisition Construction & Improvements appropriations are binocular, helmet-mounted goggles, designed and authorized for use at a flight control position. The only similarities are in the technology and some of the individual system parts. 30 night vision scopes have been purchased for the PSUs.

SENATOR LAUTENBERG: Please supply a complete breakdown of the numbers and types of equipment requested for purchase under your supplemental request. Please specify what has been purchased to date at what costs.

ANSWER. The breakdown of equipment for which obligations have already been made is contained in the following table.

BREAKOUT OF USCG EQUIPMENT BOUGHT FOR
DESERT SHIELD/STORM

PORT SECURITY UNIT (PSU) COSTS

6 LARGER PSU BOATS	$650,000
80 OUTBOARD BOAT ENGINES	$250,000
CHEMICAL SUITS (APPROX. 2,000)	$500,000
30 NIGHT VISION SCOPES	$150,000
15 SMALL BOAT RADAR UNITS	$ 25,000
SECURE RADIOS	$180,000
3 TRUCKS	$ 50,000
TENTS	$ 23,000

SUBCOMMITTEE RECESS

Senator **LAUTENBERG**. We will, herewith, be recessing the subcommittee, putting it into recess until Wednesday, March 6, at 10 a.m., in the same room.

We are then going to hear from the National Railroad Passenger Corporation [Amtrak] and the Federal Railroad Administration [FRA]. And we look forward, Admiral, to hearing from you at such time as your 1992 budget request is examined. And we know very well that whatever we can do to make sure that the Coast Guard has the resources to do the job that it has had assigned to it, we want to make sure that, as much as possible, we get you the funding.

Do not take that as a promise of delivery but rather a commitment to try to be of help. And we once again thank you, and your colleagues, and all the members of the Coast Guard for their wonderful service they give to the country. We appreciate it. With that, we recess.

[Whereupon, at 12:50 p.m., Thursday, February 28, the subcommittee was recessed, to reconvene at 10:04 a.m., Wednesday, March 6.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

WEDNESDAY, MARCH 6, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:04 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Harkin, D'Amato, Kasten, and Domenici.

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF W. GRAHAM CLAYTOR, JR., PRESIDENT AND CHAIRMAN OF THE BOARD

ACCOMPANIED BY:

- **DENNIS F. SULLIVAN, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER**
- **WILLIAM S. NORMAN, EXECUTIVE VICE PRESIDENT**
- **CHARLES W. HAYWARD, VICE PRESIDENT, FINANCE AND ADMINISTRATION**
- **TIM GILLESPIE, ASSISTANT VICE PRESIDENT, GOVERNMENT AND PUBLIC AFFAIRS**

OPENING REMARKS

Senator LAUTENBERG. We will call this hearing to order. The Subcommittee on Transportation welcomes Graham Claytor, the Chairman of Amtrak to the hearing and his colleagues.

Much attention has been paid to the fact that the President's budget request includes funding for Amtrak for the first time in 7 years. Lest you feel too good about it, just hang on a minute.

When looking at this request it is tempting to say that something is better than nothing. However, in this case I am not sure that something is, in fact, better than nothing. Last year the FRA Administrator, Gil Carmichael, told this committee that, if we enacted the President's budget request for zero funding for Amtrak, there would be no question that the railroad would have to shut down.

This year the administration is proposing a 48-percent cut in operating assistance for Amtrak. And I am not sure at all that Amtrak can survive this policy either. So in this case, something may not be better than nothing. And in States like New Jersey, the demise of Amtrak means tragic consequences.

No Amtrak means already crowded roads becoming congested beyond our worst nightmares. It means more air pollution, more energy consumption. No Amtrak means even more crowded airports, more airport noise, and airways so congested as perhaps to be unsafe. Between New York and Washington alone, it would mean an additional 13,000 flights in the air. In States like New Jersey we need more rail service, not less.

And when you look at the substance of the President's budget for Amtrak you find a series of cost-saving assumptions, many of which are either unrealistic or simply not attainable in the near term. Included in these proposals is a cynical plan to pass on some of Amtrak's higher costs onto commuter operations like New Jersey Transit and SEPTA. New Jersey Transit has already raised fares 48 percent over the last 5 years in order to put itself on a firm financial footing and to try to meet all of its commitments.

But now the administration wants to hit New Jersey Transit with a double whammy. Not only does the administration want New Jersey Transit and SEPTA to take on some of Amtrak's costs, it wants to eliminate all direct Federal operating assistance to these commuter lines. So that double whammy means $56 million in added operating costs to New Jersey Transit.

It appears that, in the eyes of the administration, there is no limit to what the commuters of New Jersey should pay.

This policy is unfortunately consistent with the President's policy articulated in his new highway bill. There, the administration also wants to pass the buck to the States. And here again they are not only passing the buck, but they are also passing the bill.

Now more than ever we should recognize that the administration's Amtrak policy is what it is, misguided and destructive. The administration's policy flies in the face of the President's stated priorities for clean air, a balanced transportation system, and a balanced energy policy. Never has it been clearer how critical a role Amtrak plays in addressing these agendas.

We need to enhance our efforts in these areas. That means more Amtrak service, not less.

And toward that end, this committee provided a significant increase for Northeast corridor improvements to electrify the last segment of the Northeast corridor from New Haven to Boston. Our goal is to bring the travel time in that segment of the corridor down substantially from 5 hours now to less than 3 hours. This will serve to not only get the people off the highways and out of the airways in that segment, but provide better access for all passengers throughout the Northeast in a safe, clean, efficient, and affordable manner.

However, in this area the administration's budget is consistent with previous budgets. The President's request for improvements along the Northeast corridor is zero, not even a penny for the ongoing long-term maintenance of the corridor that is necessary to maintain a safe ride through New Jersey.

The committee is going to pursue these issues first with Graham Claytor, the very skilled and dedicated chairman of the board and president of Amtrak.

We look at the results and we say to Mr. Claytor, we commend you for the achievements thus far. It is too bad that we cannot have the capital infusion that would get this railroad up to the kinds of service that are potentially available. And then we would see the kind of railroading that I know Mr. Claytor, and frankly I, have talked often about and thought about for our country.

After hearing from Mr. Claytor, we will hear from Mr. Gil Carmichael, the Federal Railroad Administrator.

We are going to move on a regular schedule. There is a vote scheduled at 10:30, for which we will have to take a slight recess. And I will ask the witness' indulgence to hang in there.

With that, I invite Mr. Claytor to give his statement.

OPENING STATEMENT OF GRAHAM CLAYTOR

Mr. CLAYTOR. Thank you, Mr. Chairman.

I am very pleased, as always, to be before this subcommittee and to discuss our fiscal year 1992 grant request.

I would like to introduce Amtrak's other top management people here today: Bill Norman, on my left, is our executive vice president and an active member of the Travel Industry Advisory Council to Senator Holling's Commerce Committee; Denny Sullivan, on my far right, is executive vice president and chief operating officer; Charles Hayward, on my far left, is vice president finance and master of all of our figures; Tim Gillespie is assistant vice president, government and public affairs.

I would like to ask that my prepared statement be submitted for the record, Mr. Chairman.

Senator LAUTENBERG. Without objection.

Mr. CLAYTOR. I will try to summarize it briefly.

May 1 of this year is the 20th anniversary of Amtrak's start of operations. I think we have come a long way over those 20 years. Our objective is more and better service, and very importantly, at less cost to the Government.

In 1990 we operated over 6 billion passenger miles. And this is more than all the passenger railroads combined operated in 1970, the year before Amtrak was started. Even though they operated far more routes than we do, we now operate more passenger miles than all those railroads together did in those days.

I think that is an indication of the resurgence of passenger traffic today compared with what it was when Amtrak was started.

In 1990 we had over $1.3 billion in revenues, which puts us in the middle of the Fortune 500 companies. With your help on railroad retirement and railroad unemployment insurance, and continually increasing revenues of our own, we will cover over 80 percent of our operating costs in this year, 1991.

That really makes us very optimistic about achieving our goal of self-sufficiency in operations before the end of the decade.

Now this year I am particularly pleased by an even more important development, which I think is significant even though it does not quite hit the mark: the recommendation by the administration for the first time in 7 years to provide operating and capital funding for Amtrak for fiscal year 1992.

Secretary Skinner and my good friend, Gil Carmichael, have made it clear that they are satisfied that Amtrak is an integral part of this country's national transportation system. That is something that has not come out of the administration before. And I think that is very important. Now for the first time in a number of years we have a tripartite team that can work together, Congress, the DOT, and Amtrak.

Now I agree with you that the figure that they come up with is, of course, not going to enable us to continue to go forward. And that is why we are asking for more than that.

The administration's funding for operations is actually, by 1992, $141 million below our request of $321 million. And I understand that this is because they plan to list a number of possible savings from legislation, potential efficiency improvements, and so forth.

Our problem is that if these savings are not realized in 1992—I do not know them all in detail, but I am pretty sure that it is going to be pretty hard for many, if not most of them, to be realized in 1992—our operations would be in jeopardy. We could not continue to operate with the amount requested in the budget unless these savings are achieved. It is quite clear that many of them, if not most, cannot be achieved.

So we ask for the full amount requested for operations. I must note that if savings or any of these savings are in fact realized in time, we will voluntarily reduce our request by the amount of the savings.

Now, let us turn to our request briefly. Amtrak's request, total request, is for $563 million. In addition, $149 million must be appropriated to FRA for Amtrak's railroad retirement and railroad unemployment costs that are in excess of our own expenditures, as Congress has heretofore provided, and I might add on this subcommittee's initiative. This is a very important move that eliminates our need to return a large portion of our grant back to the Federal Government, and therefore will make it much easier for us to approach our break-even basis.

These two figures together, the $563 million and the $149 million to FRA make up the $712 million included in the first freestanding Amtrak authorization act that was passed by Congress and signed by the President last year.

If we break down our request of $563 million, $321 million is for operations, although the administration cut it substantially, which is still the lowest figure for operations in constant dollars that Amtrak has ever requested since 1973. The sum of $242 million is asked for capital.

And we anticipate that we are going to supplement that capital by about $144 million in private financing, mainly for desperately needed passenger car equipment, modernizing maintenance facilities and costs mandated for waste disposal. That is a euphemism for fixing our toilets so they do not release wastes directly to the right-of-way. That is going to be an expensive operation when we start to redo our old cars. But all new cars will be so-equipped from the beginning.

Now let us turn to the other thing that I think is equally important, NECIP, or the Northeast corridor improvement project. I agree with you that it is very unfortunate that the administration did not include in its budget anything for this.

As we look ahead, we believe a substantial investment here will produce the greatest overall return of all, both to Amtrak and to the Government and to the taxpayers. And not to go forward with these programs, I think, is a financial as well as a policy mistake.

The most critical project, of course, is making the New York to Boston high-speed line a feasible operation. Regular trains now take over 4 hours and 20 minutes to get from New York to Boston. Our new limited stop New England Express service makes it in 3 hours and 55 minutes, but without substantial capital changes we cannot really improve on that time. That is as good as we can do under the existing circumstances.

That is too long compared to New York to Washington in 2½ hours for our express Metroliner. It is the same distance almost exactly.

We desperately need 3 hours or a little less for the New York to Boston, preferably even closer to the New York-Washington schedule of 2½ hours.

This is going to require signal and train control changes, electrification, and some other right of way improvements.

Faster service, of course, would relieve enormous congestion on I–95 and at Logan Airport in Boston. The fact is that I understand that over 20 percent of the flights out of Logan go to New York City. If we could get the kind of service we have from New York to Washington, I promise you I could take a major part of those people out of the airplanes and on the railroad, relieving the congestion at Logan and perhaps avoiding multibillions of dollars that would have to be required either to expand the highway or to build a new airport.

We now carry around 38 percent of all the air and rail passengers between New York and Washington. If we could do that in Boston, it would be a tremendous relief to the expenditures the Federal Government is otherwise going to have to make for air and for highways.

Now both Amtrak and DOT wish to move forward with this project, including electrification. I think the Secretary and Mr. Carmichael are solidly with us on the need to go forward with this. But it was this subcommittee last year that really got it started with the appropriation of $125 million.

I think we cannot stop there. We have got to go forward.

Our request for NECIP is $223 million. A little over $50 million is needed for safety work on the Hudson and East River tunnels with which I am sure you are very well acquainted. Signal train control and other improvements south of New York are also included. They will benefit not only the safety of Amtrak and of the New Jersey Transit, but they will improve our efficiency. They are desperately needed.

We have already started on the centralized traffic control extension on to New York. A significant part of that is being paid for by UMTA, but we have to pay the rest and that is included in this request.

Now the remaining $171 million of the $223 million is for the New York-Boston high-speed project. The sum of $71 million would be for right of way improvements to help increase speed on the New York-Boston line, ease traffic and improve speed.

The sum of $100 million more is needed for electrification, New Haven to Boston. And that electrification is absolutely essential if we are going to increase these speeds. That is the key part of this whole operation.

That would still leave us another $100 million that is needed for the completion of electrification. But this is a project that does not happen all at once. With the money you gave us last year, we have already started working on the long lead items that are needed for signal changes. They are probably the slowest thing of all.

And we could start on electrification with the request that we have made and count on coming up with the remaining money needed by the end in plenty of time before we would actually need it.

This figure, I think, is conservative, but it would enable us to get going on this project right now. We hope to have a request for proposals for the turnkey design and installation of the electrification available for putting on the market pretty soon.

I want to mention one other thing that is rather important. We have looked at the possible realignment of the railroad between Old Saybrook and Kingston. That section, about 50 miles, has the worst curves and the slowest operation and the most expensive operation of the whole route. We have five swing bridges, bridges that have to open and shut for ships that are very slow, very expensive, and frequently cause delays because they stuck. There is nothing much you can do about it, it is inherent in the beast.

What we want to do is to consider moving the line up to run along the interstate for most of the distance. It would provide 150 mph train operation. It would avoid these bridges, it would avoid the worst curves, and would eliminate a number of grade crossings. That change alone would take 25 minutes or so out of the schedule. That would bring us down to 2 hours and 35 or 40 minutes. That is where we need to get if we possibly can.

Now, we have got the engineering firm of Parsons Brinkerhoff studying both the costs and feasibility of doing this. It is probably going to be a very expensive operation. The problem with trying to bring the TGV-type, high-speed operation to this country is that it involves building a new railroad. This is a new railroad and that is expensive. The realignment is an alternative we want to continue to look at because it does make a significant difference in the end.

Now, last, equipment. Our greatest shortcoming today is inadequate equipment, that is both locomotives and cars. Because of the traffic increase that we have had, our equipment is overutilized. That is not an efficient way to run it. It is not a good way to run. Our reliability is suffering from the fact that our locomotives are used too much. We do not have enough time to take proper care of them. Our cars are used too much.

The alternative is to cancel trains and turn people away. We are trying not to do that. The answer to this is that we have got to get more locomotives and more cars. The first step of that has already been taken. We signed a contract in the last month or two with General Electric for 52 new locomotives to be delivered over the next 3 years. We did some financing on that, but it was made possible by the capital funds that you made available to us last year.

Those engines will be delivered over the next 2 or 3 years. In the meantime, we are making arrangements to lease some other locomotives for short-term use that would enable us to meet this shortage in the meantime.

Next month our board will consider a contract to purchase up to 140 new Superliner cars. These are the double-decker cars we can use primarily in the West. They will fill out our shortfalls in these western trains where it is almost impossible to get a sleeping accommodation anytime in the season.

It will replace low-level cars on the Auto Train and the Capitol Limited, among others, because those are eastern trains that can use the high-level cars. They do not run through restricted areas. If we do that, we will then release low-level cars that are now used on those trains and that will enable us to make the Cardinal, through West Virginia, Cincinnati, Indianapolis to Chicago, a daily train—one of our long-term objectives that has been stalled on the fact that we just did not have the equipment. That would fix that.

Finally, we have got to have a new Viewliner order. The Viewliner is our newly designed and now being tested low-level sleeping car. If has much greater capacity and much greater efficiency than existing Heritage cars and will replace all the 40- to 50-year-old sleepers that we inherited from the railroads.

We probably will need, in total, some 240 of those cars. We do not expect to be in a position to place an order for those until probably early next year, but they are the next item on the agenda, and without that we are not going to be able to fulfill our obligation to provide the kind of service that the country expects.

Now, in conclusion, Mr. Chairman, there are a number of other important items considered in my prepared statement, but in the interests of saving time I would like to save the rest of my time for questions. All of us here will be delighted to answer any of your questions to the best of our ability, and the hard ones I will pass along.

Thank you.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you, Mr. Claytor. We have your complete statement and it will be made part of the record.

[The statement follows:]

STATEMENT OF W. GRAHAM CLAYTOR, JR.

My name is W. Graham Claytor, Jr. I am President and chairman of the Board of the National Railroad Passenger Corporation, better known as Amtrak. I am pleased to be here today to discuss Amtrak's request for federal assistance for fiscal year (FY) 1992.

May 1, 1991, will mark Amtrak's twentieth year as this nation's intercity rail passenger carrier. From the throes of a dying industry to record ridership and sold out trains, the last two decades have seen important and, in some cases, dramatic improvements in the quality, reliability and marketability of rail passenger service in this country. For example:

—By 1970, many Americans had stopped using the train for their transportation needs. As a result of badly maintained equipment and poor passenger service by many railroads, passengers traveled a total of only 4.9 billion passenger miles on trains operated by 27 different railroads in 1970. In fiscal year 1990, however, twenty years later, Amtrak alone carried 22.2 million intercity passengers some 6.1 billion passenger miles over its 24,000 mile route system. Many trains sell out weeks in advance.

—Twenty years ago, most transportation planners perceived rail passenger service as a mode of the past with no role for addressing future transportation priorities. Today, with rising fuel prices, highway and airport congestion, high airline fares, and growing concerns about the nation's air quality, rail passenger service—both intercity and commuter—increasingly is seen as an important energy-efficient and environmentally benign transportation alternative.

—Prior to the establishment of Amtrak in 1971, the quality of intercity passenger service provided by many railroads its reliability, amenities, and marketability—was inconsistent and often quite poor and worsening. Today, Amtrak provides a generally good and reliable service on all its trains. While Amtrak's financial constraints limit some service options, Amtrak nonetheless is committed to further improving and diversifying rail passenger service in this country. First Class lounges in major stations, china table service in its dining cars, onboard telephones, cars with conference rooms, movies and other on-board entertainment reflect Amtrak's efforts in this area.

—Perhaps most dramatically, the economics of Amtrak's intercity rail passenger service today are vastly improved compared to the industry in 1970, the year before Amtrak was created. Losses of the railroads attributable to rail passenger operations in 1970 totalled $450 million—the equivalent of a staggering $1.5 billion in current dollars. Today, although Amtrak's passenger miles exceed those of all the passenger railroads in 1970, it expects to require only $343 million in federal operating assistance during the current fiscal year. This is less than 23 percent of the industry loss some twenty years ago. Moreover, Amtrak expects to cover 80 percent of its costs during fiscal year 1991 and plans to cover all its operating costs by the turn of the century.

Amtrak's twentieth year is even more significant in that, for the first time in seven years, the Administration has included substantial capital investment and operating funds for Amtrak in its fiscal year 1992 Budget. I am particularly pleased this year to be able to be part of a tripartite team, consisting of the Congress, the Administration and Amtrak—both management and labor, that shares a common goal of improving the nation's rail passenger system. The Secretary of Transportation, Samuel K. Skinner, has made it clear that the Administration views Amtrak as an integral component of the national transportation system. With the backing of the Secretary and the Federal Railroad Administrator, Gilbert E. Carmichael, on the one hand, and of the Chairman of the Appropriations Committee, Robert C. Byrd, the Chairman of this Subcommittee, Frank R. Lautenberg, its Ranking Member, Alfonse M. D'Amato, and other congressional supporters on the other, Amtrak should be even more successful in coming years in carrying out its commitment to making intercity rail passenger service the mode of choice in many transportation corridors and across rural America.

FISCAL YEAR 1990: RECORD GROWTH DESPITE THE ECONOMIC DOWNTURN

The past year was a very important one for Amtrak. It marked the first time in over a decade that Congress passed and the President signed a free-standing Amtrak reauthorization act. The fiscal year 1992 funding level included in the law—$712 million—is the highest level in many years. Given Amtrak's declining need for federal operating assistance, this funding level would permit the substantial increase in capital investment that we need to improve our Northeast Corridor high speed service, provide additional capacity on our long-distance trains, and meet our goal of operating self-sufficiency by the end of the decade.

Fiscal year 1990 was also important in that it demonstrated Amtrak's ability to improve both revenues and ridership (albeit at less than projected levels) even during what is now recognized as a severe economic downturn, particularly in the travel industry. During fiscal year 1990, revenues reached $1.31 billion, a record level and a modest three percent increase over last year. Importantly, passenger-related revenues—which include ticket sales and on-board concessions—grew some seven percent to $1.15 billion, a substantial gain given the state of the national economy. While Amtrak succeeded in improving its bottom line, the major airline passenger carriers lost in excess of $1.5 billion for the year, and other segments of the travel industry faced similar financial difficulties.

Amtrak also carried a record 22.2 million intercity passengers and 18 million rail commuters for a record total ridership of 40.2 million. Passenger miles, which is the best measure of ridership, reached 6.1 billion, a 3.3 percent increase over last year and the highest in Amtrak's history.

Contract commuter services and the carriage of mail for the U.S. Postal Service continued to play an important role in generating revenue. Mail and express revenues grew to $38.3 million with the addition of new mail handling cars, and a significant increase in demand for additional mail service since the beginning of hostilities in the Middle East bodes well for substantial growth in this area. Amtrak continues to operate the MBTA commuter rail system in the Boston area and a portion of the MARC commuter rail system between Baltimore and Washington. During the past year, Amtrak also began operating new contract commuter service for Connecticut DOT and for Orange County in California. Later this year, Amtrak will begin contract operation of commuter service between Fredericksburg and Manassas in Northern Virginia and Washington. In addition, Amtrak hopes to assume operation of the Peninsula Commute Service between San Jose and San Francisco, the sixth largest commuter service in the country, as well as operation of the Dallas Area Rapid Transit system when that system comes on line.

Despite record revenues and ridership, the past year nonetheless did not meet the levels we had projected prior to the downturn in the economy. Indeed, for the first time in a decade, less-than-expected growth in passenger revenues and revenue-enhancement programs left Amtrak's revenue-to-cost ratio static at .72. Fortunately, expenses for the year came slightly under budget. Preliminary data from the first several months of fiscal year 1991 indicate a modest five percent or better increase in passenger revenues and ridership and continued success at controlling costs. With an improved economy as the year develops, higher fuel prices (which impact the air and automobile markets far more than the rail passenger market), and a focused internal effort to cut Amtrak management and benefits costs, fiscal year 1991 should reflect significant improvement in our bottom line.

In this regard, I should note that Amtrak is in the process of reducing the size of its management staff by ten percent. This is expected to be accomplished by June 1, 1991, through a program of early retirements, attrition, voluntary separations, and, if necessary, involuntary reductions. The end result will be a more cost-effective and efficiently organized management team.

A full description of Amtrak's operations and financial achievements during fiscal year 1990 are included in the 1990 Annual Report, which was submitted to Congress on February 15, 1991. Additional copies of the report have been provided to the Subcommittee.

Amtrak's considerable progress during the past decade in improving the economics of and market for rail passenger service is reflected in the following table, which contrasts this past year's performance with Amtrak's performance a decade ago.

COMPARISON OF FINANCIAL AND PERFORMANCE DATA

	1981	1990	Change (percent)
Total revenues (millions) in current dollars	612.2	1,308.4	+114
Total revenues (millions) in 1981 dollars	612.2	908.5	+48
Revenue to cost ratio	0.48	0.72	+50
Total Federal grant (1981 dollars in millions)	896.3	419.9	−53
Federal operating grant in current dollars (millions)	675.8	520.1	−23
Federal operating grant (1981 dollars in millions)	675.8	361.2	−47
Federal capital grant in current dollars (millions)	221.0	83.6	−62
Revenue to short-term avoidable cost ratio	0.73	1.20	+73
Revenue to long-term avoidable cost ratio	0.60	0.93	+55
Passenger miles (millions)	4,762	6,057	+27
Passenger miles per train-mile	155	183	+18

Part of Amtrak's revenue growth during the past year reflects the addition to its fleet of 103 Horizon Fleet passenger cars used on midwest routes and in San Joaquin service. Nonetheless, Amtrak still is turning away many passengers because of a lack of accommodations on long-distance trains. Lack of capacity translates directly into a loss of revenue. Clearly, making available the new equipment we need to meet growing demand is the key to sustained revenue growth. In this regard, several important developments are taking place that bode well for our ability to address capacity needs:

—In March 1991, Amtrak's Board of Directors will consider a plan to order up to 140 new Superliner cars to be delivered over the next five years. The cars will be funded in part with federal capital and in part through private financing. The Superliners, which will be assembled in Vermont, will be added to western long-distance trains to provide badly needed sleeping accommodation capacity. They also will be used to convert some single-level trains—such as the Auto Train and Capitol Limited—to the more cost-effective two-level Superliner consists. Due to their increased capacity, addition of these cars should significantly boost Amtrak's ability to meet demand and to improve its revenues. It also will free up existing single-level Auto Train cars for use in converting the tri-weekly Cardinal to daily service.

—Amtrak has reached agreement with General Electric for the purchase of 52 new locomotives: 20 modified Dash-8, 3200-horsepower diesel units with delivery beginning in January 1992; 22 state-of-the-art, stream-lined, 4000-horsepower passenger diesel locomotives with delivery beginning in the fall of 1992; and 10 dual-power (diesel with third-rail capability) locomotives for use in Amtrak's Empire Service with delivery beginning in 1994. The locomotives will be built in Erie, Pennsylvania. Initially, at least 80 percent of the funds for the new locomotives will be privately financed.

—Amtrak hopes to go out for bid on its first order of Viewliners during CY 1991. In all, Amtrak has identified a need for some 241 Viewliners to replace the aging Heritage sleeping cars, diners, lounges and coaches. The Viewliners can efficiently handle a significantly greater number of passengers and will cost substantially less to operate and maintain.

—Amtrak is completely rebuilding 12 presently stored passenger cars for the state of Michigan for use in Amtrak Michigan service. The addition of these cars to the fleet will release an equal number of Horizon Fleet cars for use elsewhere in the midwest.

—Last year, voters in California approved nearly $3 billion in bond issues for improved intercity and commuter rail service within the state. Some $550 million may ultimately be available for improved intercity rail passenger service. Last year, California paid for the additional cars and locomotive needed to add a third round-trip on the San Joaquin route. The state also has purchased the locomotives necessary for the additional San Joaquin train and to increase service to Santa Barbara. As part of the new rail initiatives funded by the bond issues, the state is developing a "California car" that ultimately could replace Amtrak equipment now being used in California intrastate service. The state also is looking to acquire additional Horizon Fleet cars in order to add new service between Sacramento and San Jose. This is the first time any state has taken such significant steps to improve rail passenger service. Amtrak management intends to work closely with California and encourage other states to follow its lead.

—All new cars will comply with the accessibility requirements of the Americans With Disabilities Act (ADA), as well as include full waste retention toilet systems, as required by the recently enacted National and Community Service Act.

Amtrak's ability to acquire new locomotives and passenger cars is the direct result of efforts by this Subcommittee and Congress to provide Amtrak with increased federal capital support. These efforts are now supported by the Administration, which has included in its Budget a substantial request for Amtrak capital. This federal capital assistance has made it possible for Amtrak to privately finance the balance of its equipment acquisition costs at reasonable rates. Amtrak is extremely appreciative of the support the Subcommittee has provided, especially in light of the difficult federal budget environment. We look forward to continued support from Congress for the funds with which to address nearly a decade of deferred capital investment throughout Amtrak's system.

FISCAL YEAR 1992 GRANT REQUEST

On February 15, 1991, Amtrak submitted to Congress its fiscal year 1992 Grant Request and Justification, which explains in detail Amtrak's budget for the coming year and its anticipated use of federally appropriated operating and capital support. For fiscal year 1992, Amtrak is requesting a total appropriation of $563 million. Of this amount, $321 million will be for operations—the lowest operating grant request (in constant dollars) since 1973. In addition, Amtrak is requesting $242 million to fund important capital projects, including the acquisition of new passenger cars and locomotives, modernization of maintenance facilities in Indiana, California and New York, and compliance with legally mandated accessibility and waste retention requirements.

Last year, for the first time, this Subcommittee removed from Amtrak's operating grant some $150 million that Amtrak in the past had merely returned to the Federal Government in the form of excess Railroad Retirement and Railroad Unemployment Insurance taxes. For fiscal year 1991, these funds were instead appropriated to the Federal Railroad Administration (FRA) to be paid to the Railroad Retirement Board. As a result, Amtrak's operating grant now much more accurately reflects the real cost of Amtrak operations to the American taxpayer. For fiscal year 1992, these excess payments are expected to total $149 million. At the time of enactment of the Amtrak Reauthorization and Improvement Act of 1990, these projected payments were still included in Amtrak's budget as expenses. For that reason, Amtrak has included them for purposes of remaining within the $712 million authorization for fiscal year 1992. Amtrak urges the Subcommittee to continue to separately appropriate these costs in the future.

As described in Amtrak's Grant Request, Amtrak projects that $138 million more will have to be paid into the Railroad Retirement trust account during fiscal year 1992 than Amtrak retirees and their dependents will receive in benefits. In addition, $11 million more will have to be paid into the Railroad Unemployment Insurance trust account than will be paid out to Amtrak beneficiaries. Total excess payments into both trust accounts thus will amount to $149 million. This amount is not included in Amtrak's grant request and should, we request, be appropriated directly to the FRA for payment, as was done in fiscal year 1991.

We understand that the Administration will recommend certain legislative changes and actions by Amtrak, some of which could result in substantial cost savings, and on this basis has included in the Budget a lower level of operating assistance than Amtrak has requested. Our problem is that if these changes in fact cannot be implemented in time to be effective in fiscal year 1992, funding at the Administration's proposed level would put in jeopardy even our current operations. Accordingly, I feel that it is essential for Amtrak to request an appropriation that will provide all of the operating funds we will need in the event the savings proposed by the Administration cannot immediately be achieved. We are, however, prepared to reduce our request for federal operating assistance to the extent that these savings in fact are achieved by that time.

In addition to an improving economy, which should boost revenues, several important developments should enhance Amtrak's performance during the rest of this year. In May 1991, Amtrak's new Empire (or Westside) Connection will open, permitting a direct connection between the Northeast Corridor and Empire Service to Albany and points north and west. Amtrak will move all of its Grand Central Terminal operations to Penn Station, thus eliminating the cost of operating a second major New York City station. As a result, Amtrak no longer will have to provide connecting bus service between the two New York City stations for passengers traveling north of New York. Amtrak expects that direct service to upstate New York from the Northeast Corridor will in due course increase Empire Service ridership by some 15 percent. In addition, Amtrak is working with the Long Island Rail Road to explore for the first time the possibility of direct intercity Amtrak service from points on Long Island to upstate New York.

Amtrak very much appreciates the efforts of Senator Alfonse D'Amato, this Subcommittee's Ranking Member, in helping to secure the funds needed to permit the double tracking of the Empire Connection in Manhattan. Double tracking, which will be completed late this year, will help ensure that increased traffic on the line does not result in train delays.

I also am pleased to report that Amtrak will soon be able to restore service for the first time since 1983 through the state of Wyoming. Service could commence in June 1991. This can be accomplished by rerouting the Chicago-Seattle Pioneer north from Denver through Wyoming rather than through Colorado, which already is served by the California Zephyr and Desert Wind. By rerouting the Pioneer in this way, space will be freed up on the California Zephyr for additional mail service, allowing the service to generate additional revenues and improve its financial performance. The time savings associated with the reroute through Wyoming also ensures that Amtrak will be able to continue direct rail service to Boise, Idaho, while providing a more convenient scheduled departure time from our important Seattle-Tacoma market.

Amtrak also is working to improve the productivity of its work force and thereby continue its success at controlling costs. In this regard, I am happy to report that Amtrak has reached a new labor agreement with one of its labor organizations—the Amtrak Service Workers Council, which represents our on-board service employees—that provides for increased wages on the part of Amtrak in return for work rule changes that should permit significant productivity gains. Amtrak also has reached an important agreement with the Transportation Communications Union regarding the use of part-time employees.

Negotiations under the limitations imposed by the Railway Labor Act can be difficult and at times seemingly interminable. Amtrak, however, will make every effort to reach an accord with the rest of its labor organizations that will provide our work force with higher wages while also meeting our overriding concern that progress be made toward the modification of outmoded and costly work rules. The recent decision by the Presidential Emergency Board involving the country's principal freight railroads should help us move these negotiations forward. Although Amtrak was not a party to those proceedings, some of the issues considered are also involved in our own negotiations.

With cost containment and improved revenues, Amtrak hopes to achieve a revenue-to-cost ratio of better than .80 in fiscal year 1991 and better than .83 in fiscal year 1992. These improvements are consistent with our continuing efforts to achieve operating self-sufficiency by the end of the century. I believe our goal is realistic and, as required by the Amtrak Reauthorization and Improvement Act of 1990, we will submit a report to Congress in June outlining our plans in this area.

HIGH-SPEED RAIL IMPROVEMENTS BETWEEN NEW YORK AND BOSTON

With the backing of Congress and the Department of Transportation, Amtrak has initiated a high-speed rail program that we hope will reduce the travel time between New York and Boston to under three hours. In the fiscal year 1991 Department of Transportation and Related Agencies Appropriations Act, Congress provided Amtrak $125 million to begin necessary signal and right-of-way improvements and initiate work on electrifying the rail line between New Haven and Boston. Amtrak strongly supports this project and believes it will significantly contribute to reducing airport and highway congestion and air pollution in the region at a fraction of the cost of new airport and highway expansion alternatives. In addition, service between Boston and New York in under three hours will generate substantial new revenues that will further reduce Amtrak's need for federal operating support.

The Coalition of Northeastern Governors (CONEG), a leading proponent of improved rail passenger service in the Northeast, recently issued a study on the regional benefits of under three-hour service between New York and Boston. CONEG found the following important benefits from high-speed rail service:

—2.85 million passengers would be diverted annually from air and highway travel onto Amtrak. The vast majority—80 percent or 2.25 million—would be diverted from Boston's and New York's already heavily congested airports. This diversion could permit cutting back up to 50 air shuttle trips daily and free up between eight and ten airport gates for longer distance operations.

—Some 24.5 million gallons of gasoline and jet fuel could be saved annually. At the same time, carbon monoxide, hydrocarbons, nitrogen oxides and other emissions would be annually reduced by over 2,600 tons.

—Hundreds of millions of dollars in productivity gains would be realized through reduced travel times for commuters and intercity travelers. In addition, construction work and continuing operations would generate well over a billion dollars in new business sales and other economic activity.

Amtrak projects that revenues generated by this with 22 daily round-trip New York-Boston trains would exceed the long-term costs of the new operations by some $30–50 million annually. This "profit" could then be used to reduce Amtrak's need for federal operating assistance.

For fiscal year 1992, Amtrak is requesting NECIP funding in the amount of $223 million. Of this amount, $51.2 million would continue important safety and reliability improvements south of New York. These include improvements to Penn Station, the design of new safety systems for the Hudson River and East River tunnels, funding for the final phase of extending the CETC system from Wilmington, Delaware, to Newark, New Jersey, and modifications to the electric traction system that powers trains along the Northeast Corridor. North of New York, Amtrak is requesting $71 million for right-of-way improvements to further our high-speed rail project, plus an additional $100 million as half of the funding required to complete the electrification project between New Haven and Boston. Although the Administration has included no funds in its Budget for NECIP, the FRA intends to move forward on the Environmental Impact Statement it believes is required with respect to the electrification work. Amtrak plans to seek bids for the design phase of a turn-key construction contract for electrical substations and catenary support structures, hanging of the catenary, and design and manufacturing of the related control systems during the summer of this year.

Amtrak also has been studying a realignment of some 50 miles of the right-of-way between Old Saybrook, Connecticut, and Kingston, Rhode Island, that would permit time savings of as much as 25 minutes over the existing realignment due to high-speed (150 m.p.h.) operations and avoidance of many curves, movable bridges and grade crossings on the existing alignment. This change, along with other improvement projects on the route, would permit an express New York-Boston service in approximately two hours 40 minutes or less, have a dramatic impact on the marketability of the service, and make feasible Boston-to-Washington service in under six hours. This would further help alleviate congestion at Boston, Providence, New York and Philadelphia airports, as well as result in improved commuter rail transportation in the region.

Based on an initial estimate by an experienced consulting firm, with a more detailed analysis expected in the near future, we project that approval of necessary environmental impact statements and construction of an alternate high-speed route segment could take up to 10 years to complete. Amtrak strongly favors serious consideration of this realignment, because of its important impact on transportation in the region. But, due to the long time frame for completion—including several years just for completion of an environmental assessment—the present high-speed electrification program along the existing rail line should move forward as planned. As it does, Amtrak will minimize where possible any duplication that could result if the rail line ultimately is partially realigned and will work with the state of Connecticut and commuter rail authorities to explore the sale of the improved existing rail line for commuter rail services if a portion of Amtrak service in fact is moved to a new alignment.

AREAS OF SPECIAL INTEREST OR CONCERN

If Amtrak is to expedite achievement of its goal of operating self-sufficiency, several important changes must be made to further reduce costs and protect Amtrak from unexpected liabilities. Many of these are described in Amtrak's 1991 Legislative Report, which was submitted to Congress and the President on February 15, 1991. I have attached a copy of the Report to my testimony.

The recent enactment of the Amtrak Reauthorization and Improvement Act of 1990, which authorizes federal support for Amtrak through fiscal year 1992, likely precludes congressional consideration of an Amtrak improvement act this year. As a result, Amtrak requests that this Subcommittee consider a change in the law that would better enable Amtrak to secure cost-effective equipment financing. Amtrak also urges that the Subcommittee consider a second change that would ensure that Amtrak's operating grant accurately reflects the true cost of intercity rail passenger service to the federal taxpayer.

1. *Enhancing Amtrak's Ability To Finance Equipment.*—In recent years, Amtrak has begun to look increasingly to the private financial markets for the funds with which to acquire new passenger cars, locomotives and mail handling cars. Indeed, Congress has actively urged Amtrak to finance equipment when it can be economically justified.

A change to the Rail Passenger Service Act could enhance Amtrak's efforts in this area. By law, Amtrak is exempt from all state and local taxes, including sales tax. Thus, when Amtrak buys equipment directly, its costs do not include local sales tax. However, an important means of financing equipment is through a "sale-leaseback" arrangement, under which a party acquires equipment and then leases it to Amtrak. Unfortunately, unlike Amtrak, the outside party could be subject to various taxes, including sales tax, which Amtrak ultimately would have to pay through its lease payments or directly to a taxing authority. This clearly was not intended by Congress. To avoid this result, Amtrak presently is entering into complex "lease-leaseback" arrangements under which Amtrak acquires the equipment and leases it to an outside party, which then leases it back to Amtrak in order to ensure that Amtrak does not pay taxes from which Congress intended that Amtrak be exempt. The complexity and uniqueness of these transactions, however, add to the cost of financing.

Amtrak accordingly asks this Subcommittee to consider including in its fiscal year 1992 appropriations bill a provision that would modify section 306(n) of the Rail Passenger Service Act to make clear that in Amtrak lease arrangements, the lessors would be exempt from state and local tax liability just as Amtrak is so exempt. The result will be less costly financing arrangements. At a hearing before this Subcommittee last Spring, the Administrator of the Federal Railroad Administration stated his support for this provision.

2. *Eliminating Non-Amtrak Related Costs From Amtrak's Operating Grant.*—As Congress recognized in the fiscal year 1991 Department of Transportation and Related Agencies Appropriations Act, Amtrak's need for federal operating assistance in the past has been unnecessarily increased due to the requirement that Amtrak pay costs that either are unrelated to the provision of Amtrak service or that must be repaid directly back to the Federal Government. Fortunately, the decision by Congress to appropriate Amtrak's excess Railroad Retirement and Railroad Unemployment Insurance payments to the FRA has resolved a large portion of this problem. Two other instances of these costs, however, still are included in Amtrak's budget.

During the closing days of the last Congress, railroads—including Amtrak—were made subject for the first time to a 2.5 cents/gallon tax on diesel fuel, the revenue from which is intended to reduce the federal budget deficit. This tax, together with other motor fuel taxes, will cost Amtrak approximately $2.6 million annually in tax liability and, hence, directly increases Amtrak's need for federal operating support by the same amount. As imposition of the tax was intended to reduce the federal budget deficit, application of the tax to Amtrak is counter-productive. The Subcommittee may wish to consider whether Amtrak should be required to pay these taxes, at least until it achieves its goal of operating self-sufficiency.

Amtrak's operating costs also include approximately $35 million that actually support commuter operations on the Northeast Corridor. This cost is unrelated to the provision of Amtrak intercity service, and accordingly inflates Amtrak's need for federal operating assistance. Amtrak presently must absorb these costs, because under Interstate Commerce Commission (ICC) cost allocation rules, the owner of a rail line is responsible for paying nearly all of the base costs of operating and maintaining the railroad. Other users of the line must merely pay the "incremental" cost of their operations, even if they in fact are the majority user of the line. In essence, the owner of the line subsidizes the operations of the line's other rail operators.

Because Amtrak owns much of the Northeast Corridor, it must pay the base costs of operating and maintaining the line even though commuter authorities—MARC, SEPTA, New Jersey Transit, and Connecticut DOT—operate the vast majority of the trains over portions of the line.

Amtrak is not recommending that the ICC cost allocation rules in any way be changed. However, Amtrak's operating grant could be reduced if the responsibility for funding these Northeast Corridor commuter costs was transferred to the Urban Mass Transportation Administration (UMTA), together with the necessary funds that would be removed on a dollar-for-dollar basis from Amtrak's operating grant. This change would have no adverse impact of any kind on the federal budget, but would ensure that Amtrak's operating grant better reflects the true cost of providing national intercity rail passenger service.

CONCLUSION

Amtrak has come a long way from the menagerie of dilapidated equipment that started rolling on May 1, 1971. Both the economics of rail passenger service and the perception of its role in the transportation system have improved dramatically during the past two decades. Amtrak is eager to play an even more aggressive role in helping to resolve the major transportation concerns facing this country.

Enormous local interest has been generated during the past year by congressionally mandated route studies of potential new service between Chicago and Florida, New Orleans and Jacksonville, through Oklahoma, central Iowa and Wyoming, and to Maine. Unfortunately, Amtrak's goal of eliminating its need for federal operating support greatly limits our ability to initiate new costly services. This, in turn, is generating significant pressure in Congress for finding new ways to fund expanded Amtrak service. As the nation's only intercity rail passenger carrier, Amtrak is eager to expand service wherever it can be economically justified. We look forward in the coming years to working with Congress and the Administration, as well as state and local governments, on finding the correct balance between expanded rail passenger service and the realities of the federal budget.

NATIONAL RAILROAD PASSENGER CORPORATION 1991 LEGISLATIVE REPORT

INTRODUCTION

The National Railroad Passenger Corporation (Amtrak) is required to submit a legislative report to the President and to the Congress pursuant to section 308(b) of the Rail Passenger Service Act, 45 U.S.C. 548(b). That provision directs Amtrak to report on its operations and to recommend desired changes in the law that could, for example: improve productivity, enable the corporation to operate more efficiently, or reduce Amtrak's need for federal financial support.

This report provides an update on Amtrak's exciting plans for improving the Northeast Corridor to permit high-speed rail operations. It also proposes several legislative changes that would permit a more efficient and less costly operation. With the new decade of higher energy costs and environmental concerns, federal and state planners increasingly are looking to Amtrak to provide an important energy-efficient, environmentally benign transportation alternative in many crowded corridors and across rural America. The cost of initiating and operating new rail passenger service, however, necessarily is a key factor in transportation decision making. This is particularly important for rail improvements, because unlike highway and transit programs, there is no federal cost sharing with states for new intercity rail projects. By enacting the legislative changes recommended in this report, the impact of this cost factor can be lessened. As a result, when deciding which transportation priorities to fund, planners will be able to look more to the individual merits of a proposed project—its ability to relieve congestion, its environmental impact, and its effect on energy consumption—than simply to the availability of federal matching funds.

On July 6, 1990, the first free-standing Amtrak reauthorization bill since 1979 was signed into law. In addition to making several of the changes recommended in previous Amtrak Legislative Reports, the law authorized federal funding for Amtrak through fiscal year 1992, with a level of $712 million authorized for that year. Because of Amtrak's success at reducing its need for federal operating support, funding at this level during fiscal year 1992 would provide a significant amount of capital to enable Amtrak to address its critical need to acquire new passenger cars and locomotives and to upgrade its obsolescent maintenance facilities—the unfortunate legacy of nearly a decade of deferred capital funding. A modernized physical plant, together with sufficient rolling stock to meet growing demand, is essential if Amtrak is to succeed in the goal of eliminating its need for federal operating support.

Amtrak is extremely pleased that for the first time in seven years, the Administration has included funding for Amtrak in its fiscal year 1992 Budget, presented to Congress on February 4, 1991. We understand that the Administration will recommend several legislative proposals that, if enacted, could result in additional savings for Amtrak, and, as a result, the funding level included in the Budget is less than Amtrak would otherwise require for fiscal year 1992. Amtrak necessarily will request the appropriation of additional funding if the savings proposed by the Administration cannot be achieved in that year. We are optimistic, however, that the decision to include funding for Amtrak indicates that future decisions regarding Amtrak's role in the national transportation system will be made on the basis of sound financial and transportation priorities.

During fiscal year 1991, Amtrak expects to cover 80 percent of its operating costs, the highest in Amtrak's history. Indeed, only $343 million was appropriated for operations, the lowest amount since Amtrak's first years some two decades ago. In addition, Congress appropriated $132 million for new locomotives and passenger cars and other improvements corporate-wide to enhance productivity. Amtrak's cost recovery—its revenue-to-cost ratio—has been improved significantly by the fact that beginning in fiscal year 1991, Amtrak no longer will be required to use its federal operating grant to pay costs that in the past the corporation had been paying right back to the federal government in the form of excess Railroad Retirement and Railroad Unemployment Insurance premiums. These funds instead are being appropriated to the Federal Railroad Administration to be paid to the federal trust accounts.

EXTENDING HIGH-SPEED RAIL TO THE NORTHEAST

Rising gasoline prices, highway and airport congestion, and growing concerns over the health of the nation's environment have driven renewed interest in providing faster rail service in many areas of the country. Because the Northeast Corridor is the most densely populated area of the country, and because it already is served by an extensive rail passenger network, it has received renewed focus as the ideal corridor for higher speed passenger trains. With enactment of the fiscal year 1991 Department of Transportation and Related Agencies Appropriations Act, Congress has begun to fund important new high-speed rail improvements to the Northeast Corridor rail line, particularly between New York and Boston. This would generate important new revenues for Amtrak, as well as substantially reduce congestion at the region's airports and on the highways at a fraction of the multi-billion dollar cost of new airport or highway expansion programs.

Since 1976, some $2.5 billion has been spent to upgrade the Northeast Corridor rail line, stations and facilities, with particular emphasis on the Washington-New York segment. The result has been remarkable. Trains operating over the Northeast Corridor today carry over 11 million intercity passengers, 60 million commuters and 35 million tons of freight. Amtrak is the largest carrier between Washington and New York and carried more passengers between the cities along the Corridor than all the airlines combined. Without the investment that already has been made, the impact on the already overwhelmed highway and air infrastructures of the region between Washington and New York—indeed, on the entire economy of the Northeast—would have been disastrous.

Significant improvements remain if travel time between New York and Washington is to be reduced to an optimal two hours and travel time between New York and Boston—now between three hours 55 minutes and four hours 40 minutes—is to be reduced to between two and one-half and three hours. Although the necessary improvements will be expensive, particularly between New York and Boston, the cost of a high-speed rail program pales when compared to the cost of expanding air or highway capacity in the Northeast. Indeed, studies show that over 20 percent of the passengers using Boston's congested Logan International Airport are traveling to or from New York City airports. Diversion of this traffic to time-competitive rail service would obviate the need for a new Boston-area airport—at a cost estimated between $3 billion and $6 billion—for the foreseeable future. Airports in Providence, New York and Philadelphia also could realize important congestion relief. In addition, physical space limitations make cost-effective highway expansion between Boston and New York a near impossibility.

Last year, Congress provided $125 million to begin a comprehensive program to upgrade the New York-Boston railroad right-of-way to permit approximately three hour service. The program, which is strongly supported by the Coalition of Northeastern Governors (CONEG), includes signal and traffic control work that is essential for high speed operations, bridge and track upgrades, reconfiguration of several congested stretches of railroad, and, most importantly, electrification of the right-of-way between New Haven and Boston. Electrification is essential if travel times are to be reduced to approximately three hours. Moreover, because the rest of the Northeast Corridor is electrified, extension of the system to Boston will facilitate essential operational efficiencies on an already busy rail line. Amtrak believes that the entire improvement project could be completed in a five-year time frame. An upgraded right-of-way will also significantly benefit commuter rail service in New York, Connecticut, Rhode Island and Massachusetts, further relieving rush-hour congestion on the region's highways.

Significant additional funding will be required to upgrade the rail line to permit reduced travel times between New York and Boston along the existing Northeast Corridor rail line, and to make necessary improvements south of New York to further reduce travel times to Washington. Amtrak is also studying possible changes in the alignment of the rail line in Connecticut and Rhode Island to eliminate many of the curves and movable bridges along the existing route. These changes could permit speeds of up to 150 m.p.h., thereby resulting in service between New York and Boston in as little as two hours 40 minutes. Cost estimates for such a project, as well as the resulting impact on reducing highway and airport congestion, should be available on the completion of current studies.

A high-frequency, high-speed rail service between New York and Boston will generate significant incremental revenues for Amtrak. Based on 11 daily round trip trains, revenues generated by a three hour service are projected to exceed the annual cost of operations by approximately $40 million. These incremental revenues could be used to further reduce Amtrak's need for federal operating support.

Amtrak will work closely with Congress and the Administration in pursuing and justifying the high-speed rail option on the Northeast Corridor. As airlines consider steps to reduce costly fuel consumption, particularly in the short-distance market, and states act to improve regional air quality, the benefits of efficient high-speed rail operations on the Northeast Corridor will become more and more apparent.

LEGISLATIVE PROPOSALS

Amtrak has identified below several important legislative changes that would significantly improve its financial performance, make less adversarial the resolution of employee injury claims, and protect Amtrak from unnecessary liabilities. All of these proposals have been included in previous Legislative Reports. However, Amtrak's recent commitment to eliminate its need for federal operating support by the year 2000 makes timely enactment of these proposals all the more critical. Without such legislative relief, Amtrak—and ultimately the federal government—will be forced to continue to absorb costs that unnecessarily bloat the need for federal operating assistance.

REDUCING THE COST OF AMTRAK OPERATIONS

1. *Limiting Amtrak's Tort Liability.*—Amtrak urges that Congress consider several proposals to place reasonable limits on Amtrak's tort liability. Together, these proposals could save Amtrak an estimated $10 million per year that presently must be passed on to the federal government in the form of increased operating expenses. Some of these reforms would simply extend to Amtrak provisions that already are included in the Federal Tort Claims Act to protect the federal government in tort litigation. Amtrak believes that so long as the government is required to provide it federal operating assistance, Amtrak should be protected to the same extent as is the United States government.

(a) *Eliminating Punitive Damages Awards.*—Perhaps the most important reform is a prohibition on the award of punitive damages by a court or jury against Amtrak or a publicly-funded commuter rail authority. These non-compensatory damages can greatly inflate both jury verdicts and the cost of settling injury cases over and above any actual damages suffered. As a result, they can directly increase the requirements of Amtrak and commuter railroads for governmental support. Such damages are not intended to compensate the injured. plaintiff, but rather to punish. For example, of the approximately $110 million paid in settlement of personal injury claims arising out of the 1987 accident at Chase, Maryland, some legal analysts believe that as much as two-thirds represents inflation of settlements due to the risk of punitive damages. In Amtrak's case, of course, the federal government must ultimately pay for that punishment. This is inappropriate, costly, and unproductive.

For sound public policy and fiscal reasons, recovery of punitive damages against the United States is prohibited under the Federal Tort Claims Act. Some states also have prohibited the award of punitive damages against publicly funded commuter authorities such as New Jersey Transit and the MBTA in Massachusetts. So long as Amtrak and commuter railroads receive substantial government support, only actual compensation for injuries suffered by the injured plaintiff is appropriate; punitive damages, which ultimately are paid by the government, cannot be justified.

Indeed, both the House Energy and Commerce Committee and the Senate Commerce, Science, and Transportation Committee included a provision making Amtrak exempt from the award of punitive damages in their separate versions of the Amtrak Reauthorization and Improvement Act of 1989. Unfortunately, the provision subsequently was deleted in the version of the bill that ultimately was enacted due primarily to jurisdictional concerns in the House of Representatives. Amtrak urges that an exemption from punitive damages be enacted to prevent the recovery of windfall damage awards against government supported intercity and commuter railroads.

(b) *Eliminating Prejudgment Interest.*—Amtrak seeks an exemption from the payment of prejudgment interest; i.e., interest on damage awards for the period between the date of injury and entry of judgment. Here, too, the United States is exempt from such interest under the Federal Tort Claims Act, because the delay between injury and judgment for which costly prejudgment interest accrues can be excessive and is generally beyond the control of the government. Since prejudgment interest charged to Amtrak ultimately must be paid by the federal government through increased operating subsidies, Amtrak also should be made exempt therefrom.

(c) *Making The Collateral Source Doctrine Inapplicable.*—Finally, Amtrak seeks to end the double recovery permitted under what is called the "collateral source" doctrine. Under this doctrine, evidence of benefits that a plaintiff already has received or will receive with respect to an injury is excluded at trial. For example, medical bills, even when already paid under a health insurance policy, may nonetheless be claimed again as damages in a personal injury action and recovered a second time by the plaintiff. Likewise, a plaintiff may claim a total wage loss in a personal injury suit even though he is actually being compensated under a disability plan. The collateral source rule thus permits a plaintiff to recover twice for the same damages, once from the collateral source and a second time from the defendant in the tort action.

There is no justification for this double recovery against Amtrak directly, or against the United States indirectly, under a tort law system that is intended only to compensate injured parties for their actual losses, not to provide windfall recoveries. Amtrak recommends that the use of the collateral source rule in personal injury against Amtrak—the costs of which must ultimately be borne by the United States—should be prohibited.

2. *Limiting Application Of The Freedom of Information Act.*—The Freedom of Information Act (FOIA) was intended to open up to public scrutiny the files of government agencies and to prevent the making of policy on the basis of secret procedures or documents. Under FOIA, the public is entitled access to a very broad variety of documents and information, which must be made available unless protected under various narrow exceptions. Although Amtrak is operated as a for-profit corporation and not an agency of the federal government, Amtrak nonetheless was made subject to the Freedom of Information Act (FOIA) pursuant to section 306(g) of the Rail Passenger Service Act.

There is little public benefit—and, indeed, much detriment—through making Amtrak subject to FOIA. Amtrak's operations, finances, and other activities already are publicly scrutinized in great depth through the yearly congressional authorization and appropriations process, through the government's representation on Amtrak's Board of Directors, and as the result of audits and studies undertaken by the General Accounting Office, Amtrak's Inspector General, and the Department of Transportation. Information about Amtrak also is routinely made available to the public through Amtrak's Government and Public Affairs Department and through its Marketing Department.

On the other hand, FOIA imposes costs upon Amtrak in terms of the competitive disadvantage that can result from dissemination of inappropriate or proprietary information. During 1990, Amtrak processed some 475 FOIA requests, an increase of over 210 percent since 1981. Over 93 percent of the requests filed with Amtrak during the past five years were from commercial bidders seeking to be awarded Amtrak contracts and parties with whom Amtrak is actively negotiating contracts or from litigants' counsel seeking to supplement discovery in connection with legal proceedings against Amtrak. There is absolutely no benefit to the public from disclosure of this information; indeed, such disclosure gives parties with whom we are negotiating an unfair advantage and may enable our suppliers to artificially raise the prices they charge Amtrak. In addition, allowing litigants to circumvent permissible discovery through the use of FOIA requests undermines Amtrak's ability to bring or to defend lawsuits. This will become an even greater problem during the 1990's, during which Amtrak must renegotiate many of its agreements regarding routes and real estate.

Although a strong argument could be made to make Amtrak altogether exempt from the FOIA, Amtrak proposes only a more limited approach: exemption from commercial requests such as contracts, bid information, bid evaluations, and bid proposals, and exemption from requests for records by parties in litigation with Amtrak. Indeed, in 1988, the Senate Commerce Committee approved such a provision in its Amtrak Reauthorization and Improvement Act. Private corporations are not required to divulge this information and it serves no justifiable public policy to require Amtrak to disclose it. In this way, certain of Amtrak's activities will remain open to public scrutiny, but those directly related to Amtrak's activities as a for-profit company would be protected.

3. *Enhancing Amtrak's Ability To Finance Equipment: Tax Exempt Status For Leases.*—In recent years, Amtrak has begun to look increasingly to the private financial markets for the funds with which to acquire new passenger cars, locomotives and mail handling cars. Congress has actively urged Amtrak to finance equipment when it can economically be justified. Amtrak proposes a change to the Rail Passenger Service Act that would have the effect of reducing the cost of financing new equipment.

By law, Amtrak is exempt from all state and local taxes, including sales tax. Thus, when Amtrak buys equipment directly, its costs do not include local sales tax. However, an important means of financing equipment is through a "sale-leaseback" arrangement, under which a party acquires equipment and then leases it to Amtrak. Unfortunately, unlike Amtrak, the outside party could be subject to various taxes, including local sales tax, which Amtrak ultimately would have to pay through its lease payments or directly to the taxing authority. To avoid this result, Amtrak presently is entering into complex "lease-leaseback" arrangements (Amtrak acquires the equipment, leases it to the outside party, which then leases it back to Amtrak) to ensure that Amtrak does not pay taxes from which Congress intended that Amtrak be exempt. The complexity and uniqueness of these transactions add to the cost of financing.

Amtrak proposes that Congress modify section 306(n) of the Rail Passenger Service Act to make clear that in Amtrak lease arrangements, the lessors, in addition to Amtrak itself, would be exempt from state and local property and sales tax liability. The result will be less costly financing arrangements.

IMPROVING EFFICIENCY AND OPERATING ENVIRONMENT

1. *Limiting Labor Protection.*—Amtrak's ability to make route changes is severely hampered by existing provisions intended to protect employee compensation. While Amtrak does not advocate the elimination of such labor protection provisions, some additional flexibility is required in order for Amtrak to match its route structure and services with market demand and the condition of the rail lines over which it operates.

Section 405(c) of the Rail Passenger Service Act, codified at 45 U.S.C. 565, mandated the establishment of labor protection in Amtrak's agreements with its labor organizations. They require Amtrak, in certain circumstances, to pay a furloughed or unemployed Amtrak employee his full salary for a period of time equal to that which he has worked for Amtrak, up to a maximum of six years. Labor protection applies wherever Amtrak discontinues an intercity rail passenger service and generally must be paid not only to those who cannot be offered equivalent employment but also to any employee who refuses to fill an available vacancy for which he is qualified if the position is more than 30 miles from his place of residence. Accordingly, there is almost no incentive for the employee to accept alternate Amtrak employment. The result is a requirement to pay full salaries to employees who are not working merely because they do not want to relocate even moderate distances.

This problem can be particularly acute where circumstances may make it necessary or desirable to change a train route, either because the old route becomes unusable or because improvements or other factors enable Amtrak to use a superior or less costly alternative. Unfortunately, labor protection liability for station and maintenance employees could make any such route change so costly that it could not be considered, thereby forcing Amtrak to abandon opportunities for improved or less-costly service to the public.

In order to achieve a more equitable and efficient use of Amtrak's resources, Amtrak proposes that a protected employee who has lost employment because of a discontinuance in service be required to elect one of two options: to transfer to any bona fide vacancy (and be made whole for any compensation loss) for which he can be made qualified in any part of the corporation's system; or to accept voluntary furlough. In the event an employee decides to accept a transfer to another position, moving expenses would be reimbursed by Amtrak under existing labor provisions.

This already is the case with many other railroads. Under the Washington Agreement of May 1936, successor agreements and Interstate Commerce Commission protective conditions, it is understood that employees of signatory railroads can be expected to accept employment that requires a change in residence. Amtrak's proposed change would place it on an equal basis with other railroads and would act as an incentive for the employee to seek alternate employment with Amtrak.

2. *Providing Relief From The Federal Employers' Liability Act.*—For several years, the Administration, the Association of American Railroads (AAR), rail shippers, and advocates of tort reform have urged that the very costly tort-based Federal Employers' Liability Act (FELA) be repealed and that railroad employee injury claims be resolved instead under less expensive state no-fault workers' compensation laws. Last year, legislation was introduced in both the House and Senate that would place all railroad employees under state workers' compensation laws and abolish FELA. Similar legislation, strongly supported by the Administration, is expected to be introduced in the 102d Congress.

Amtrak strongly supports the repeal of FELA and believes that a no-fault approach to employee injury compensation will provide a more equitable remedy for our employees, improve management-labor relations, and reduce Amtrak's costs. In the report accompanying the House fiscal year 1991 Department of Transportation and Related Agencies Appropriations bill, the Committee requested that the Transportation Research Board of the National Academy of Sciences conduct a comprehensive study of FELA. The report is to be complete by May 1, 1991, and should further demonstrate the merits of a repeal of FELA.

In the past, Amtrak has suggested that a three-year test of state workers' compensation laws be instituted for Amtrak employees only. This would help provide the intrinsic data that would enable Congress to better resolve this issue. Congress may wish to consider such a test in the event that the full repeal of FELA is not immediately feasible.

3. *Preventing Secondary Activity Against Amtrak.*—In the absence of a settlement of many controversial issues between rail labor and the freight railroads in the coming months, some rail analysts are predicting that a selective rail strike is likely this year. Such a strike, even if not directly against Amtrak, could adversely affect the nation's passenger rail system.

Under the National Labor Relations Act, which applies to all industries except railroads and airlines, striking workers are prohibited from engaging in concerted activity against companies other than their employer. This statutory prohibition prevents the disruption of the operations of employers who are not involved in the labor dispute.

However, airlines and railroads, including Amtrak, are subject to the Railway Labor Act, which does not prohibit such secondary activity. As a result, employees of a struck railroad or airline can use picketing to try to disrupt the operations of railroads or airlines that are not involved in the labor dispute. In this way, if any railroad or airline is struck, the employees of the struck carrier could picket Amtrak. Such picketing would adversely impact not only the nation's rail passenger system, but also commuter service all along the Northeast Corridor.

Amtrak believes that intercity and commuter rail passengers should not be potential pawns in labor disputes between freight railroads or air carriers and their employees. Indeed, when Congress provided for the creation of a corporation called Amtrak Commuter in 1981 to assume Conrail's commuter operations, it specifically foresaw the dangers of secondary activity against Amtrak Commuter resulting from disputes between Conrail and its employees. It therefore made Amtrak Commuter and any commuter authorities exempt from any secondary activity resulting from a labor dispute on Conrail. Amtrak believes that such protection should be expanded to provide Amtrak protection against all secondary activity resulting from labor disputes on other railroads and airlines.

4. *Improving Amtrak Administration.*—Amtrak proposes several changes in the administration of Amtrak and with respect to its Board of Directors.

(a) *Chief Executive Officer.*—Section 303 of the Rail Passenger Service Act provides that the President of Amtrak also serves as the Chairman of Amtrak's Board of Directors. Amtrak proposes a minor change to the Rail Passenger Service Act that would transfer the statutory duties of the President of Amtrak to the new full-time post of Chief Executive Officer. Essentially, this would amount to a change in title only; the nature of the duties would remain the same. This change, however, would give the Amtrak Board of Directors added flexibility in structuring the administration of the corporation's activities by authorizing it to name a subordinate senior officer as President.

(b) *Authorization of Preferred Stock.*—Section 304(c) (2) of the Rail Passenger Service Act requires Amtrak to issue to the Secretary of Transportation preferred stock equal to the amount of funds appropriated each year by Congress. As a consequence of this requirement, Amtrak must yearly amend its Articles of Incorporation to authorize the issuance of the preferred stock. Amtrak seeks a statutory change that would eliminate this annual exercise by authorizing the issuance of all preferred stock required by the subsection and eliminating the need to amend the Articles of Incorporation.

(c) *Board Compensation.*—In 1970, section 303(a)(5) of the Rail Passenger Service Act established a $300 per diem fee to reimburse those members of the Amtrak Board of Directors not employed by Amtrak or the federal government for their time in official functions, such as the two days each month when the Board meets in Washington. Inflation has greatly diminished the real value of this $300 per diem, particularly in comparison to the compensation provided to members of other corporate and railroad boards of directors.

Amtrak's outside Board members serve an extremely valuable function that requires a considerable commitment of time and energy. It is only appropriate that these board members be properly compensated. Accordingly, Amtrak recommends that section 303(a)(5) be amended to increase the per diem for attending monthly Board and Board Committee meetings to $500 in fiscal year 1992 and subsequent years. In addition, an annual fee of $1,200 to outside Board members should be provided to cover other assistance and demands imposed on Amtrak's Board members. Compensation at this level will still be a small fraction of the fees provided to directors of other corporations of comparable size and complexity. Nonetheless, it would represent an important improvement over the compensation now permitted and will help ensure that Amtrak's Board members are able to provide the greatest degree of leadership and assistance possible.

CONCLUSION

Amtrak believes that the new decade will see growing demand for expanded rail passenger service as a means of coping with congestion, land use constraints, and air quality concerns. Making Amtrak as efficient and economical as possible is critical if growing demand is to translate into expanded service. Enactment of the legislative changes recommended in this Report would contribute greatly to this goal, thereby enabling Amtrak to play an even more substantial role in the nation's transportation system.

DOWNPAYMENT ON CONTINUED DEVELOPMENT

Senator LAUTENBERG. That is the sign of a good manager, Mr. Claytor—to know when to hand off the assignments.

Thank you very much for your comments. I think this subcommittee, with the help of people like my distinguished colleague from Wisconsin, Senator Kasten, and Senator D'Amato and others on this subcommittee, many of whom you know, is very supportive of Amtrak and not only its survivability but its continued development.

We were able last year to secure the funding that you talked about, which I considered a special opportunity to continue to pursue the development of good, efficient, high-speed rail service, which is a commitment of mine.

Much of that, as you know, Mr. Claytor, is due to excellent staff work in addition to the committee membership—Peter Rogoff, Pat McCann, and the others that you work with—who are diligent, and find ways to accommodate the needs of the subcommittee in most ingenious ways. So, we were able to provide the $125 million as what I hope will be a downpayment on continued development.

I will defer to Senator Kasten.

STATEMENT OF SENATOR KASTEN

Senator KASTEN. Mr. Chairman, I thank you very much, and I just want to say very quickly, thank you first of all for holding the hearings, and I am encouraged, Mr. Chairman and Mr. Claytor that for the first time in roughly—I think it is 7 years, Amtrak at least appears in the administration's budget this time, and I think that is progress.

But I think we all realize that the $480 million request probably will not be sufficient, and I think, Mr. Chairman, we both are going to have to look at the offsets, because although I agree with the FELA offset and a couple of other offsets that are included in developing this figure, I think it is likely that some of the offsets might not occur, or at least might not occur before we are going to have to start appropriating money.

Mr. CLAYTOR. That is right.

Senator KASTEN. So I simply just want to make that statement, and I am not asking for a response—I got one I guess. You said I am right, and all the heads are moving up and down.

Senator LAUTENBERG. You would have to read Mr. Claytor's statement that was issued before you got here.

Mr. CLAYTOR. Senator Kasten, I made clear, and I reiterate, that to the extent we get any of these savings in time to be effective in 1992, I will reduce my request. I will give you the money back. I am perfectly prepared to do that.

Senator KASTEN. Oh, I have had a rough look at it. It looks like the committee is going to have to, Mr. Chairman, come up with about $140 million in additional funds, faced with the reality that we might not see some of these cost-saving programs enacted. I think also that although the administration has been somewhat reluctant, I know you have not, Mr. Chairman, and I congratulate you for your support as we proceed to the 1990's that we must keep our eye on this goal of Amtrak self-sufficiency, and the idea that we should have a self-sufficient Amtrak. This means money that we are going to be spending on capital.

So I have a couple of questions that I am going to put in the record with regard to some local Wisconsin questions and problems, but I want to thank and congratulate you, Mr. Claytor, for the job that you are doing, and I know that you will have bipartisan support on this subcommittee for a number of your initiatives.

Thank you, Mr. Chairman.

PREPARED STATEMENT

Mr. CLAYTOR. Thank you very much, Senator.

Senator LAUTENBERG. Thanks very much, Senator Kasten. We will make your complete statement part of the record.

[The statement follows:]

STATEMENT OF SENATOR KASTEN

Thank you, Mr. Chairman, for holding this hearing into the FY 1992 budgetary needs of the FRA and Amtrak. I am encouraged that for the first time in some seven years that Amtrak at least appears in the Administration's budget, but I think we all realize that the $480 million requested will not be sufficient.

The FRA has enormous responsibility to assure the safety of the public travelling by rail. Though the safety record of this mode remains a very good one, in fact the safest in regard to hazmat shipments, that have been valid criticisms raised about certain aspects of the safety programs.

I am pleased by the active response of the FRA under Administrator Carmichael to the criticism, and feel that the FRA will have the systems in place to perform their safety responsibilities.

Given the environmental concerns of this nation, particularly in certain urban areas such as Milwaukee, and rail's ability to move people and goods so efficiently, the programs of the FRA and Amtrak's funds are important to the overall transportation system of this country.

I understand how the Administration came to their figure of $480 million for Amtrak, counting on savings from the enactment of elements of their legislative proposals to save significant operating funds. I agree with most of those reforms, including FELA reform, but know that there is controversy on these issues. Thus this Committee is going to have to come up with some $140 million in additional funds, faced with the reality that we won't see many of the cost saving programs enacted. I also lament the fact that as we proceed into the 1990's, Amtrak's goal of self-sufficiency is put in jeopardy unless we allow Amtrak to run with the efficiencies that are readily obtainable.

Mr. Chairman, I join you in welcoming our good friends Gil Carmichael and Graham Claytor before us today, and look forward to working with you as we allocate the funds under the Committee's jurisdiction between these and other important functions in our area.

REDUCING AMTRAK'S COSTS

Senator LAUTENBERG. One of the things that we are obviously going to have to do to get Amtrak to the point that Senator Kasten mentioned—that is, self-sufficiency—is to make sure that we have the capital investment to do that. The labor costs, I think, directly reflect the problems that we have with equipment that is aged, that is functioning beyond its original longevity, and that is constantly in the shop trying to play catchup, and you cannot quite do it that way.

Secretary Skinner argues that there are a number of cost-cutting measures that Amtrak can implement with no adverse impact on your operations. The Secretary said, and I quote him, "These are numbers"—and I am looking to the numbers wizard over here, as you describe him. Mr. Skinner said, "These are numbers that have been developed by Amtrak and verified by our independent consultant." Did Amtrak supply these numbers and these proposals to the administration with the expectation that these savings could be achievable in fiscal 1992?

Mr. CLAYTOR. No, your honor. [Laughter]

I think I am in court.

Senator LAUTENBERG. I know you have been there in court.

But I appreciate the reliability, the reputation that you have of honesty and decency. Thank you very much.

Mr. CLAYTOR. The answer is that we did provide a number of efficiency measures that could significantly reduce our costs. They were measures that we hoped to be able to take in the course of this decade, and quite a number of them depend upon achieving some improvement in work rules with negotiations with our unions, which are still pending. Others depend upon making significant capital improvements in our shops to make them modern and efficient.

Now, none of those in my opinion could be achieved in time for fiscal year 1992. I do hope we can achieve all of them as we go down the road, but the time scale is very uncertain, and it is certainly not within the next year or so.

Senator LAUTENBERG. Well, if the committee enacted the proposed 48-percent cut in your operating budget, and then the savings proposals were not achieved, what would the effect be on Amtrak's operations? Is a fare increase available to make up the difference?

Mr. CLAYTOR. No, sir; our fares are set at that figure that will produce in our judgment the most revenue already. Increasing fares is likely to reduce our revenue, not increase it. If we have done it right, that is exactly what would happen. So actually, we could not continue to operate.

We would have to examine whether or not we could—with our labor protection problem, we could not eliminate trains altogether. We might reduce a number of them to three times a week, and since they are overcrowded on a daily basis, that would be a pretty silly thing to do, but we might cut some figures for some of our long-distance trains doing that. We could not, in my opinion, make it at all with that kind of cut.

Senator LAUTENBERG. The Secretary also said—and he is a good friend, and I know that he supports railroading. I think he approaches it, however, from a different perspective on the budget than I do. My view on the budgetary impact is that the investments made today would support a real energy policy, would alleviate congestion, improve productivity—all of those things.

But the Secretary said, nevertheless, that Amtrak is currently running under a 1920's methodology. Now, we have seen pretty good progress at Amtrak in bringing costs under control and continuing to cover a larger part of your operating costs. How do you respond to the 1920's technology comment?

Mr. CLAYTOR. I had not heard it before. Certainly we run some state-of-the-art equipment; our CETC signal system is the best in the world. What I think he meant has to do with the labor work rules under which our shops have to operate. In the early 1920's, the system of craft distinction within the shop was pretty well established in the railroad industry, and unhappily it is still there.

That is an area in which we are still operating in an antiquated way—I am talking now not about the operation of the railroad but the shops, the nonoperating area. I think in the nonoperating area that is correct, and I hope we can fix it, but I promise you that my experience in the railroad industry is that one makes progress in this area slowly.

Hopefully, we are going to insist that we make some progress each year, but one does not solve these problems by pressing a button and it's done overnight.

Senator LAUTENBERG. I am going to turn the hearing over to Senator D'Amato while I go to vote, and that way we will have, we hope, continuous activity here, and I will be back shortly, so with that, Senator D'Amato?

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO [presiding]. Mr. Chairman, before I make some remarks I am going to ask that some questions be submitted for the record.

Then let me just simply say that I am delighted to be here to welcome my good friend Graham Claytor and his able group of administrators. You have continued to do, Mr. Claytor, an outstanding job. I think you epitomize true public service in the highest tradition, having taken and battled to keep Amtrak alive and well. You have brought it from a situation back in 1980 where I think slightly less than 50 percent of the revenues came from the passenger box to 72 percent; even in the flat economy you held that 72-percent mark, and I know you are working to push it even higher.

So you set goals. Your aspirations are those that work for the benefit of the public, and I am indeed pleased and privileged to have made your acquaintance. I want you to know that.

Gil Carmichael, I have to tell you, you have demonstrated, and certainly your leadership has provided an opportunity for the Delaware and Hudson Railroad, the Nation's oldest continuously operated freight rail, to continue. A continuation of the D&H saved thousands of jobs in New York plus guaranteed some 11,000 employers, who worked for major shippers, that there would be competitive service.

We are deeply appreciative of that stewardship, of the handling of a situation that needed very real leadership. Without that leadership, I think the saving of the D&H would not have been accomplished. We owe you a debt of gratitude and I take this opportunity to thank you.

Let me just put to you this question, Graham. I understand that Amtrak has been discussing service to Long Island with the Long Island Railroad. Do you think that Amtrak may be able to add some capacity to the Long Island Rail Service, and at what stage are your discussions?

Mr. CLAYTOR. Well, what we would like to do is provide some long haul service from points in Long Island directly through to Albany. That, I think, we are in a position to do with at least one frequency, or perhaps one or two frequencies, right now.

We are not in a position to be of any assistance to the Long Island in getting commuters into New York City, but for long haul purposes we would like to do that from some place like Port Jefferson.

We can do this with existing equipment. Our problem everywhere, including in New York, is not enough equipment to do the job, but we can take a train that is turning now at Penn Station—one of our turbo trains—run it through to a place like Port Jefferson, and bring it back, bringing through passengers, straight through.

Now, that train could not carry commuters. It is a reserve train with very limited capacity. But it could take people from points that would stop in Long Island right through to upstate New York, and we would be prepared to do that whenever the Long Island is willing to do it with us.

Let me add that I am just delighted that with your help over the years we are ready to open the West Side connection, and we are doing that the first week in April. That is just a month from now.

Senator D'AMATO. Is that double tracking?

Mr. CLAYTOR. The double track will be ready by the end of the year, but the single track that we have got is quite adequate to handle all of the present traffic, and unhappily we are not in a position to increase the traffic because we do not have the cars, but that is one of the things we are working very hard to get. Cars and dual mode locomotives are the bottleneck there.

Senator D'AMATO. Let me ask you this: There is a contention that Amtrak is losing revenue on uncollected fares in the Northeast. Now, some of the labor groups argue that this could be addressed by putting more conductors on. Do you consider this a significant problem, and have you discussed this matter with labor and have you looked into this contention?

They have indicated 450 copies of "do not meet" slips were filled out by conductors estimating the number of fares they were unable to collect, and they delivered them to my office.

Mr. CLAYTOR. Yes, sir; I have discussed that personally with the union, and it is a matter we continually keep an eye on. We are going to be looking at it again. I have asked the union to furnish us with conductors' reports on this so we could analyze them.

If, in fact, we are losing more fares than the cost of the extra conductor, we should do something about that. We do not think so, but we would be delighted to look at whatever data they have and we will analyze it and take care of the situation.

It is always a problem. You must count your costs against your benefits each time, and that is not an easy thing to do, very often.

PREPARED STATEMENT

Senator D'AMATO. Graham, let me say to you we certainly look forward to working with you. I have some statements and questions by Senator Gorton I would like to submit for the record. I have some additional of my own.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, it is a pleasure to welcome Amtrak President Graham Claytor and Federal Railroad Administrator Gil Carmichael before this subcommittee.

I think we all agree that Mr. Claytor is doing an outstanding job at Amtrak. Last year Mr. Claytor talked about removing Amtrak from Federal operating aid by the year 2000. I am eager to hear his current assessment of that goal.

Gil Carmichael is a friend of rail transportation. Gil, I appreciated your role in saving the Delaware and Hudson Railroad, the Nation's oldest continuously operated freight railroad. The continuation of the D&H saves thousands of jobs in New York State (650 direct employees, plus 11,000 employees of major shippers), and thousands of jobs throughout the Northeast.

The good budgetary news is that funds have been requested for Amtrak: the last time that happened was in FY 1985. The not-so-good news is that $330 million ($150 million capital/$180 million operations) is not enough money! Although the budget would increase Amtrak capital by $18 million (+14 percent) it would cut $163 million (−47 percent) from Amtrak's operating funds. Few operations could absorb cuts of that magnitude. The budget assumes Congressional repeal of the Federal Employers Liability Act (FELA), coverage of rail workers under State Workers Compensation laws, and $85 million in Labor "give-backs." Those events are unlikely to happen prior to the beginning of FY 92, and we would be left with a $163 million shortfall in Amtrak's operating aid.

I believe that this subcommittee will continue its past support of Amtrak. Despite the shortcomings of the Administration's proposal, the inclusion of Amtrak in the FY 92 budget is an encouraging sign. No longer are we getting budgets that would shut down Amtrak and add its passengers to our congested airports and highways.

The budget also proposes $85.5 million for rail safety and research (a 5% cut). No funds are requested for Local Rail Freight Assistance (−$10 million). However, $15.5 million has been requested for research on high speed rail and magnetic levitation (MAGLEV) trains (+50 percent).

Mr. Chairman, I look forward to hearing the details of these proposals.

Thank you, Mr. Chairman.

PROPER FUNDING FOR AMTRAK

Senator D'AMATO. We are going to do the best we can to see that you get the proper funding. The administration's proposal I think is certainly an improvement.

Mr. CLAYTOR. I am more delighted by the fact that we have got the administration with us than anything that has happened in recent years, and as I mentioned before you came in, I look forward to a tripartite-type team—Congress, the DOT, and Amtrak, all working together for the same objectives, and I do think we now have the same objectives.

We will always have some differences as to how we are going to get there, but having the same objectives and having Amtrak recognized by the administration, including the OMB this time, as an essential part of our national transportation system is in my opinion the most important single thing that has happened recently.

Senator D'AMATO. Well, in 10 years at least.

Gil, it is good to see you, and again let me thank you. I know Graham appreciates very well your great work as it relates to saving the D&H, and I look forward to the day you can make a little report to us on how that is progressing. I have to believe with the promised capital infusion into that system it is certainly going to be a great plus for the whole region, and I want to thank you.

We will take a recess until Senator Lautenberg returns.

[A brief recess was taken.]

Senator LAUTENBERG [presiding]. We will reconvene and I apologize for this temporary delay in the station. The equipment is getting old, I think. Not this particular part of the equipment, but this was a vote on the RTC, and additional funding for the resolution trust. The subject is getting to be rather wearisome.

MOVING OPERATING COSTS TO COMMUTER LINES

Let's pick up where we left off. We are very concerned about the administration's proposal to move some of the operating costs onto the commuter lines running over the Northeast corridor. That means a $20 million increase, as I understand it, in New Jersey

Transit's current payments to Amtrak, which would represent an increase of 100 percent.

Now, New Jersey Transit's already implemented a very significant fare increase in order to better cover its own operating costs. Does that proposal strike you as being realistic, given the circumstances in the region?

Mr. CLAYTOR. Mr. Chairman, in the past we have taken no position on the request that they do this. We have suggested that a way to cut this knot would not be to have New Jersey Transit pay the additional money but to remove it from our grant, appropriate it to UMTA, and direct UMTA to pay it back to Amtrak on behalf of the commuters. Amtrak could then account for the funds as revenue.

That is the only suggestion that we have had in the area.

Senator LAUTENBERG. Well, it is very obvious that this would be a very painful result for New Jersey Transit, and of course that passes on to the passengers.

The proposal also pushes costs onto SEPTA. Can you bring us up to date with the receivables from SEPTA? What is the back payment situation look like?

Mr. CLAYTOR. Mr. Hayward, what is the amount due now—the current figure?

Mr. HAYWARD. Our most recent figure is $9.2 million, sir.

Senator LAUTENBERG. How old are those receivables?

Mr. HAYWARD. SEPTA stopped paying us in August. Of the $9.2 million, $2.5 million of that is over 90 days. There is $2 million over 60 days, and the rest is between—it is current or up to 60.

Senator LAUTENBERG. So what does that look like if SEPTA has to——

Mr. CLAYTOR. Well, I wrote Mr. Gambacini and said—this was a month ago, 3 weeks ago—and said we have reached a point where we cannot finance SEPTA's operation, and that unless he could start paying us currently beginning March 1 and agree that its arrears with interest would be paid by September 1, I would have no choice but to start discontinuing service. I would not want to do that but I felt we were forced to do it to meet our own obligations, and he promptly called back by telephone and said he would meet those requirements. In fact, he said that he expected to pay the arrears well before September 1, and he would start paying us currently, immediately. And he did so in the middle of February.

Now, the next current payments, we have not gotten yet. We will wait to see. Our board has said, look a telephone call is not good enough. We want this in writing, including a commitment that you will pay interest on the arrears. We have not been able to get the letter in writing that the board has asked for, but I discussed this again with Mr. Gambacini just yesterday, and I am hopeful that we will get such a commitment and that he will be able to live up to it. We understand his problem. But understanding the problem does not get us the money, and we are going to have to have it.

Senator LAUTENBERG. Can you imagine what might happen if the administration's proposal to eliminate all Federal operating assistance in NJT and SEPTA takes place? New Jersey Transit would lose $35 million and SEPTA $32 million. Now, these are not a bunch of delinquents who do not want to handle their responsibility. What could possibly happened to them if they had to pick up these severe losses in revenue? And what would happen if in addition—and here's the double-whammy—Amtrak had to charge more for the services that you supply for what you are currently not being paid.

Mr. CLAYTOR. Yes; that is right. That is why we have not sought to do that ourselves.

Senator LAUTENBERG. It would spell disaster for these agencies I think it is fair to say.

WAGE, BENEFITS, WORK RULE CONCESSIONS

The administration budget argues that you can realize $85 million in savings next year through wage benefits/work rule concessions by the unions. You have been negotiating with the unions for several years, and your employees have not even seen a COLA adjustment in almost 3 years. Given the current state of negotiations with the unions, how do you get 85 million dollars' worth of savings in the next year?

Mr. CLAYTOR. As I have said, that is very unlikely. I do not know where the $85 million figure precisely came from. It is the optimum we might get I guess if we got everything—all the rule changes and had them in effect for awhile and that sort of thing.

Actually we have reached agreement with one of our unions, the onboard Service Workers Council, representing all of our onboard employees, which gives them a significant wage increase, but in which we get very significant work rule changes in return. We are very pleased to do that. We would like to do that with others. They represent about 11 percent of our employees, but this is basically the only wage settlement that we have been able to make.

Now, one problem of course is that the freight railroads have their similar wage disputes being handled by the Presidential Emergency Board. The Emergency Board has just handed down its recommendation a month or two ago, and negotiations apparently are still going on. We are not a party to that, but it has had an adverse effect, because until that is settled, a lot of our unions are not willing to come in and talk what we consider to be talking turkey. And so we have not been able to make agreements with any of the others. We hope we can do so, and we have some discussions with major other unions scheduled. And I am hopeful that we can move along on that. But it is a difficult problem.

Senator LAUTENBERG. Can the Emergency Board recommendations yield anything close to $85 million?

Mr. CLAYTOR. No; the Emergency Board recommendations were very disappointing to us, because they did very little in the work rule area, particularly the work rules for the nonoperating employees. You see we have good arrangements with our operating employees on the kind of work rules that the freight railroads are arguing about. We have already got some of what we need in that area.

And what we are interested in is getting rid of the antiquated work rules that apply in our shops and in our nonoperating area. The Emergency Board did very little in that area. We are very disappointed in it. And nevertheless, once it is out of the way and settled, perhaps we will be in a position to really talk about ours.

But how much we get is a question of bargaining. And I have——

Senator **Lautenberg**. I mean, we are talking about $85 million that is——

Mr. **Claytor**. Well, as you imply, on any timeframe that is not going to happen. Over a period of time, we ought to get in the end about $85 million. I think that was the figure. I will accept your figure on it. I have to check it. The sum of $85 million is in the ballpark of what we ought to be able to save if we got all these rules changed. But you are not going to get all these rules done at one time, and we hope we make a significant progress in these negotiations. But that remains to be seen.

Senator **Lautenberg**. The $85 million is the President's figure, and I think can be most kindly described as wishful thinking. It sure does not seem like it is an achievable goal. I want to just point out how flimsy this proposal is—for Amtrak to try to be able to operate and kind of half balance its books.

The parties involved in the freight railroad negotiations have been put off a possible strike until mid-April.

Mr. **Claytor**. That is right.

Senator **Lautenberg**. Now, what happens to Amtrak if there is a strike?

Mr. **Claytor**. If there is a strike it would certainly shut down our operations on all those railroads. I would hope that the secondary boycott rules would not be applied to Amtrak so that we could continue to operate on the Northeast corridor. But those issues—that is one of the legislative changes we have been asking for for some time to make it very clear that you could not shut Amtrak down with a secondary boycott and a dispute that does not involve us. But at the present time the law is not clear on that.

AMTRAK'S DEBT LEVEL

Senator **Lautenberg**. I understand that Amtrak plans to increase its debt level from roughly $200 million to over $1 billion by the end of this decade, primarily for rolling stock acquisition. Now, how do your requests for capital support from this committee relate to your planned borrowing program?

Mr. **Claytor**. Well, I have said before that we hope for equipment to be able to finance approximately 50 percent. We will need 50 percent of the cost of acquisition of new equipment from the Federal Government. And the other 50 percent we will try to finance.

We have been successful so far in doing that. And Mr. Hayward can talk about the status of our debt and where it is likely to go in the next year or two.

Senator **Lautenberg**. Well, let me put to you a couple of more questions: (*a*) is it your intent to borrow that which fails to be appropriated; and (*b*) what is the effect of this increased borrowing on your debt service payments?

Mr. **Hayward**. Sir, to the extent that our analysis says that we can afford to service the debt—this is the first test that we apply—we would plan to borrow that 50 percent that is not available through appropriation. Now, as far as the effect on us today with very limited amounts of debt out, we are paying less than 1 percent of our total costs for servicing debt.

The scenario—the worst case scenario that I see is that by the turn of the century debt might be as much as 4 percent of our total expense. But I reiterate that we look very, very carefully at our ability to handle debt of that dimension.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. Does that not put you right back in the position that at some point you can never catch up. You will keep on acquiring larger obligations and increased annual debt service commitments to make further capital investments. But the debt load will drag against your drive for self-sufficiency. It's a kind of Catch-22. I would rather see your request for capital funds out in the open, I think, but I would be happy to hear your comments.

Mr. CLAYTOR. Well, Mr. Chairman, clearly we are in the best shape if we get sufficient Federal capital to avoid the need to borrow. We do not think that is likely. Therefore, anything, any extra equipment that we are able to get from our own financing will have to produce more revenue over and above that we would otherwise have to more than cover the debt service. Otherwise we would not do it.

And it is the same way any other business does. When you borrow money for a capital improvement on Southern Railway for instance, we do a return-of-cost/benefit study that shows how much we expect to get out of this in additional revenue and how much the cost of the money is going to be. And unless the additional revenue is a lot more than the cost of money, we do not do it. So we expect that to the extent that we go ahead with financing, the additional equipment will enable us to get that much more revenue and we will cover the financing costs ourselves. Now, otherwise we would not do it.

Now, you can always make a mistake on that. I have great confidence in our financial management and our ability to keep an eye on that and do it sensibly. But that is the way we would do it. Of course, I would prefer to have Federal capital grants in the first place so we wouldn't have to incur debt.

Senator LAUTENBERG. One thing you cannot do, however, with all due respect, is make a comparison to a company that is operating at a profit and is not looking to the Federal Government for assistance in either operating or additional capital costs. I assume your reasoning goes something like this. You look at your profit picture and say, OK, out of that gross profit that we generate there is an opportunity to increase our capital stock, improve our asset picture, and at the same time be able to handle this additional debt service. So, on the one hand, I am not arguing against it—if you can borrow and meet your obligations and get a better return, increase your revenues, and have an operating profit—and not a net profit—an operating profit improvement, that suits me.

But on the other hand, if what it is going to take is a further dependence on the Federal Government for operating assistance, it seems to me that we ought to try as much as possible to get the capital improvements from whatever sources we can, remembering that a conventional business operation can amortize the cost, et cetera. It helps bring down their tax picture, as you know, and they wind up with an asset.

Since you know that I come from the business world, and again, borrowing is an integral part of I guess the railroad industry. I came from an industry that did not do a lot of borrowing. It was much nicer. [Laughter.]

Mr. CLAYTOR. Borrowing for equipment converts a capital expense into an operating cost, which we are trying to reduce. So, we look at this carefully and on an incremental basis. We know, for instance, that replacing Heritage cars with Superliner cars, which we are going to do in a couple of cases here, is going to enormously increase the net profit. We will end up with net profit on that operation. If in order to do that we need to borrow the money and undertake this interest cost, the actual net profit we will get of that will more than cover the interest costs or we will not do it.

Now, that is the way we have planned it. We are not looking at Amtrak's overall profitability—in the overall we hope that new equipment will help us reach the point where we do not have any operating cost. We want to break even. In fact I want to make a profit. I have not mentioned profit yet. But break even is——

Senator LAUTENBERG. You have used the term net profit.

Mr. CLAYTOR. But break even is the place where you are right on the edge of making a profit, and I think we can do it when we get into the next century.

Senator LAUTENBERG. Well, I think it would be wonderful. You talk about net profit that seems to me slightly ephemeral, because I am talking about operating profits which are quite different than——

Mr. CLAYTOR. Well, the overall loss will be reduced. You see if our revenue-to-cost ratio is—after we have paid the interest—is reduced by this acquisition, we are moving faster toward the break even, even though we are still in a loss position. Now, that is the point I am trying to make.

USE OF HIGHWAY TRUST FUND MONEYS FOR RAIL

Senator LAUTENBERG. I would hope that one day we have a highway-generated trust fund commitment to railroads in this country and get serious about our energy policy, our obligation to clean air, our obligation to make this society of ours function more efficiently.

And there is an initial cost for that that is completely, in my view, offset by the long-term gain. And long-term programs are very hard to initiate in this body, as everybody knows.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. They are hardly counted when it comes to election time.

How receptive do you think the States would be to using some of their highway trust fund moneys for intercity rail as we try to be more flexible in the direction we give to the States with the use of their funds?

Mr. CLAYTOR. We have been urging and seeking that for some time. Right now, what looks to me to be the most interesting thing would be to have highway legislation this year that would give the States the flexibility to use highway money for not just transit but for transit or commuter rail or intercity rail as they choose.

Now, I have discussed this with Senator Moynihan and I have also discussed it with Chairman Roe of the House Public Works Committee, and have urged that that is not too far from the administration's bill. The administration permits this to be done for transit only, and there is a penalty attached, because the amount of State money needed for the match is not the same. I thought that we ought to eliminate the penalty, and if anything, provide a little advantage if you want to put some of this money into this other area. But give the States the right to do it.

Now, we think that many of the States would be very much interested in this. California is at the head of the list, but Illinois and Michigan are spending State money to buy equipment for us and stations for us and do other things that we need, because we cannot afford to do stations ourselves. We have made that clear. And many States are now coming up with the funding to do that.

Now if they had this flexibility, I think we would get a whole lot more work—the States would do a whole lot more toward helping us provide more money for our 403(b) trains, and—which is one of the administration's objectives—and also provide some equipment. And I think this would be a big step. And that is the one I would like to see us take, because I think it is a relatively small step in breaking with tradition.

Senator LAUTENBERG. Well, I very much believe that the result would be very positive, and the present proposal definitely has a highway bias that simply perpetuates the problem. You offer more money on one hand and the States have to pay a larger share on the other.

BOSTON-NEW YORK SERVICE

Mr. Claytor, you mentioned that we invested $125 million last year to move ahead with the electrification of the northern end of the Northeast corridor. Do you have any recent analysis of the number of riders we could lure off the airlines once we have accomplished this goal?

Mr. CLAYTOR. Yes; we do. We think that with the 3-hour run, our ridership would increase by 125 percent from 2.2 million to 5 million by the year 2005 with the high-speed, 3-hour operation.

Senator LAUTENBERG. And do you know what the passenger airline traffic between New York and Boston is right now?

Mr. CLAYTOR. About 4 million annual passengers—about 20 percent of the flights originating at Boston are going to New York only. And that is a significant—the number of flights is the thing that determines an airport's capacity. So that is a significant figure.

Senator LAUTENBERG. Is it 16,000, am I told, flights annually that we estimate you could eliminate?

Mr. CLAYTOR. According to CONEG, 18,250 air shuttle flights. CONEG estimates that air traffic would be reduced by 2.25 million passengers annually and that up to 50 shuttle flights could be eliminated daily.

Senator LAUTENBERG. Between Boston and New York?

Mr. CLAYTOR. Yes.

Senator LAUTENBERG. 50 shuttle flights a day?

Mr. CLAYTOR. These figures were gotten up by the Coalition of Northeastern Governors [CONEG].

Senator LAUTENBERG. And the ridership—how was that number developed—your ridership?

Mr. CLAYTOR. Our ridership would be increased from 2.2 million in 1988 to a little over 5 million by the year 2000.

Senator LAUTENBERG. How is that developed?

Mr. CLAYTOR. That is a CONEG number.

Senator LAUTENBERG. That is a CONEG number, too.

Mr. CLAYTOR. We worked it up for CONEG based on our marketing analysis. We would run quite a number of new frequencies, of course. There would be new trains that would operate. We would try to run frequencies along the lines of the frequencies that are now run between New York and Washington.

Senator LAUTENBERG. Assuming that you had——

Mr. CLAYTOR. 22 additional frequencies is what we planned, New York to Boston.

Senator LAUTENBERG. If you had adequate funding, how long might it take for you to be able to provide the 3-hour rail service?

Mr. CLAYTOR. Well, the completion of electrification—Denny, what is our suggestion or plan?

Mr. SULLIVAN. If we had the funding, Senator, we feel that the electrification, which is the key part of the construction, could be completed in about 4 years.

Senator LAUTENBERG. Be more specific, Mr. Sullivan. Does that mean—are we talking about the same things? Once the electrification is completed, are we down to 3-hour service?

Mr. SULLIVAN. Yes.

Senator LAUTENBERG. Regularly?

Mr. SULLIVAN. Electrification, the signaling, the bridgework, the track work, all the other elements of the infrastructure improvement could be done to provide for express 3-hour service during that period of time.

Senator LAUTENBERG. About 4 years, you say?

Mr. SULLIVAN. Yes.

The Chairman: Now, that does not include the track movement or track realignment that we discussed.

Mr. CLAYTOR. No, no; that is not included—the track realignment. But let me add that that would include—we would have to get a lot of new equipment. And that would include some specialized equipment that we would want to get, and which still needs to be tested. We do not want to start ordering that until we have got a schedule for having the track done. But hopefully we could make those fit.

Senator LAUTENBERG. And to just confirm what you said earlier in discussions that you and I have had in my office about the realignment proposal, what might that do in terms of optimizing the schedule for that run?

Mr. CLAYTOR. It would get us from roughly 3 hours down to 2 hours and 35 or 40 minutes.

Senator LAUTENBERG. I see.

Mr. CLAYTOR. 2 hours and 40 minutes I guess is probably the best bet.

Senator LAUTENBERG. Are the distances the same from New York to Boston approximately as from New York to Washington?

Mr. CLAYTOR. Same distance, yes.

Senator LAUTENBERG. Now, we can get 2 hours and 35 minutes now on that express New York to Boston——

Mr. CLAYTOR. 2 hours and 30 minutes, as of the present schedule, yes, sir.

Senator LAUTENBERG. 2 hours, 30 minutes. If we realign the track, why do we only get the time down to 2½ hours?

Mr. CLAYTOR. We are only realigning the track for 50 miles out of 225. And we have the problem—we have serious problems of speed between New York and New Haven where we operate over Metro-North, not our railroad. But we would work with them to increase the speeds there, too, and have already had those discussions.

But I think unless you are going to realign a lot more of the railroad than the 50 miles we are talking about, we could not do much better.

Senator LAUTENBERG. And have you done any forecasting on what might happen to the passenger load if you got from just under 3 hours to 2 hours and 30 minutes? Because the numbers you gave me, the roughly 5 million, by the year 2005—that was for a 3-hour ride, am I correct?

Mr. NORMAN. Yes, sir; we are in the process of looking at those studies now. I would note that the density of population between Boston and New York is actually greater than between Washington and New York. And it is our estimate that at minimum we would do as well as we are doing in the South, and we think we would do much better.

AMTRAK'S WASHINGTON, DC-NEW YORK SERVICE

Senator LAUTENBERG. Sir, are you suggesting that less than 3 hours is the optimum? Do you think we should aim for 2½ hours? It seems to me—and again this is kind of shooting from the hip—that the trip between Washington and New York would be much more inviting if we could take another one-half hour, let us say, off that?

Mr. CLAYTOR. Oh, yes; I think that would eliminate the flying into the downtown—from downtown to downtown altogether.

Senator LAUTENBERG. So that is a 2-hour trip then?

Mr. CLAYTOR. That is a 2-hour trip.

Senator LAUTENBERG. Is that possible to achieve on the New York to Washington?

Mr. CLAYTOR. Between New York and Boston, not without a very extensive, multibillion-dollar line relocation.

Senator LAUTENBERG. Line relocation.

Mr. CLAYTOR. Yes.

Senator LAUTENBERG. What is the optimum we can get with the present lineage and equipment improvements?

Mr. SULLIVAN. Well, Senator, the New York-Washington line is very straight compared to the New York-Boston line. And our current speeds are limited to 125 miles an hour. With equipment improvements—trains able to run higher speeds, say, 150 miles an hour, we could get additional improvements. And we think the possibility of tilt technology could help increase speeds on curves even in the Washington to New York area, so that those types of technological advances and speed increases could bring the schedule down to 2 hours and 15, 2 hours 10 minutes. Beyond that to get down to the 2-hour point would probably take some relocation of curves.

Senator LAUTENBERG. 2 hours and 15 minutes——

Mr. CLAYTOR. Would be very helpful.

Senator LAUTENBERG. Would that reduce the volume of air traffic between these two points?

Mr. CLAYTOR. I think so, Senator.

Senator LAUTENBERG. Do you have a computer simulation or anything like that that tells you?

Mr. NORMAN. Yes, sir; we have done models in that regard, both in terms of our own passenger surveys and our models, and we show that what the increase in ridership for each 10-minute increment in savings. And it is clear that one of the reasons that we were so interested in trying to get to 2 hours and 30 minutes is we saw significant gains, and those gains are being achieved. Getting down to 2 hours and 10 minutes to 2 hours and 15 minutes, as Mr. Sullivan just indicated, would be very helpful. And we think that it would again significantly increase our ridership, and our models show that.

REALIGNMENT OF NORTH END TRACK

Senator LAUTENBERG. What is the estimate for that track realignment on the northern section?

Mr. CLAYTOR. We have got Parsons Brinkerhoff doing a detailed study on that and they have not come up with a final estimate. But it looks like it is going to be very expensive, of the order of $1.5 to $2 billion or more. That is a very preliminary talk, but you see you have got enormous—you have got environmental protection problems. You have got right-of-way acquisition problems and those sorts of things, which they are getting into in more detail. But their preliminary thought was that this would be of the order of $1.5 to $2 billion.

Senator LAUTENBERG. I do not know what it would cost to enlarge Logan Airport. There is a cost incurred on the traveler in terms of inefficient service, because of continued crowding of the airways. Ultimately, it would benefit the aviation industry if they could service the longer runs with larger more efficient equipment—quieter equipment. We have not even discussed the noise problem.

Mr. CLAYTOR. That is right.

Senator LAUTENBERG. And—not that railroading is without noise—but it does not have the same level of annoyance or disturbance that planes do.

Mr. CLAYTOR. Well, with electric trains the noise is greatly less, too.

Senator LAUTENBERG. Yes.

Mr. CLAYTOR. You do not have the roar of the diesel engine at all.

Senator LAUTENBERG. I would like to have that done in the line over which I live, if we could arrange that, which is through Secaucus, NJ. [Laughter.]

ZERO FUNDING FOR NECIP

The administration has suggested zero funding for NECIP. You do not have the annual revenues to perform the proper level of long-term or short-term maintenance without any funding for the NECIP program, do you?

Mr. CLAYTOR. No, no; In addition, that would terminate, or at least suspend totally, any action on the New York-Boston improvement. It would do more than that though, because we have got things that we have to do.

Senator LAUTENBERG. Short term?

Mr. CLAYTOR. We have many NECIP capital projects south of New York as well as north—for example, the tunnels. We need to keep working on the safety of these tunnels.

Senator LAUTENBERG. Which tunnels are those?

Mr. CLAYTOR. The Hudson River and East River tunnels. Also, we have bridges that gradually have to be fixed every year. An awful lot of stuff that the NECIP program has got to do. I think that we requested around $50 million that we need to do south of New York for next year.

Senator LAUTENBERG. How much of your annual revenue do you invest in short-term maintenance on the corridor?

Mr. SULLIVAN. The maintenance-of-way cost on the Northeast corridor will run about, oh, $100 million to $115 million annually. And our revenues are $1.3 billion, so it is a little less than 10 percent.

Senator LAUTENBERG. Significant, nevertheless, and the absence of NECIP funding would be materially negative.

Mr. SULLIVAN. Absolutely.

HUDSON RIVER AND EAST RIVER TUNNELS

Senator LAUTENBERG. Now, this program is clearly of great concern to me. It is not simply that we are in the area, but rather, that I have an obligation as much as possible to protect the lives and well-being of our citizens, and I am concerned about the New York-New Jersey tunnels. Now, we know they are old timers. You have already heard the story of my taking a trip through there and how dismayed I was to see the kinds of lighting, et cetera, that exists there. Amtrak's budget requests is $6.5 million for design work for safety improvements on the Amtrak tunnel between Jersey and New York. What are the current safety deficiencies in the tunnel and what upgrades are you anticipating to address these deficiencies? What kind of costs are we looking at and timeframe?

Mr. SULLIVAN. Yes, sir; what you say is absolutely correct. There are deficiencies in those tunnels, in both the north, Hudson River, and the East River tunnels, that must be addressed. And thanks to this subcommittee we have received appropriations over the years to begin work. There is much work going on. The lighting system that you mentioned is being installed in both the north and the East River tunnels. There have been repairs to the bench wall, signal improvements, track improvements.

Senator LAUTENBERG. How about the ventilation in those tunnels in the event of an accident or a problem?

Mr. SULLIVAN. Cross passageways have been opened with doors so that we can get passengers between the different tunnels, the tubes in the tunnel.

But improving the ventilation in those tunnels is a large expenditure. We have completed a life safety study, consulting study, of the safety of the tunnels. And when we are looking at expenditures and I am talking about over several years—many years—to improve and to renew the ventilation systems in those tunnels will probably cost several hundred million dollars.

Senator LAUTENBERG. But the other improvements that you discussed can be made within a reasonable cost frame. How long might it take? What do you think what the costs would be to take care of those deficiencies?

Mr. SULLIVAN. Well, those deficiencies, many of which are funded, will probably take another 2 to 3 years to complete, and the funding will probably run in the, oh, I would say the $40 to $50 million range over that period of time.

Senator LAUTENBERG. Well, does that suggest even more appropriations than have already been made available in the past?

Mr. SULLIVAN. Yes, sir; we are only asking on an annual basis for the money which we feel we can adequately handle in that timeframe.

USE OF TILT TECHNOLOGY ON NORTHEAST CORRIDOR

Senator LAUTENBERG. I see. Mr. Claytor, you and I have talked about the possible use of tilt technology over the Northeast corridor.

Mr. CLAYTOR. Yes.

Senator LAUTENBERG. I know that you tried it for a while. Using that kind of technology and other methods can significantly speed up travel between Washington an~~d New~~ York. When might we get a firm handle on that? Are you now doing any testing of that equipment? You have done some testing I know in the past in the northern section of the corridor. What else has been done to kind of give us a fix as to when the kind of equipment that we need might be available?

Mr. SULLIVAN. Well, as you know, Senator, several years ago we did testing of several types of equipment. We have also been working with other manufacturers, mostly European. ABB in particular, has been working with our engineering department to try to get some of its tilt equipment, the X–2000 over here within the next year, year and a half, to do some additional testing of that tilt technology.

And we have to, within the next year to 2 years, decide on the technology that we want to use to be able to provide the 3-hour schedules that we have talked about between New York and Boston. And also try to improve the time between Washington and New York.

Senator LAUTENBERG. Are those technologies being currently used in a real life mode in railroading in Europe or Japan or whatever?

Mr. SULLIVAN. Yes.

Mr. CLAYTOR. In Sweden.

Mr. SULLIVAN. The X–2000 is in revenue service on——

Senator **Lautenberg**. Why do they not just automatically apply here? Help me through that.

Mr. **Sullivan**. Well, we have different requirements——

Senator **Lautenberg**. Different platforms?

Mr. **Sullivan**. Different platform heights, safety requirements. The FRA safety regulations requires certain buff strengths and safety appliances on that equipment in order for it to operate in the United States. And we are working with the FRA safety group as well as the manufacturers to try to make the equipment compatible for operation here. But it is time consuming and costly.

FEWER CONDUCTORS ON AMTRAK TRAINS

Senator **Lautenberg**. Something has come to my attention that concerns me, and that is you have reduced the number of conductors you are using on your trains. Now, it is personal observation as well. I use the train, as you know, and enjoy it. I would enjoy it more if the ride were 15 or 20 minutes shorter.

I have in my possession a bunch of documents here that are called Did Not Meet Reports. Each page indicates an instance when your conductors did not collect all of the tickets on the train, thereby allowing some riders to ride free. I am also told that the number of these instances has gone up dramatically over the last year.

Now, have you looked at the impact on ticket revenues of this reduction in the number of conductors? And why cannot we find a more efficient system for ticket collection on your trains? I think other railroads do it. I know a lot of the commuter lines do it.

Mr. **Claytor**. Mr. Chairman, I have personally gotten into that with the union. I spent a day in Atlantic City with the general chairman and his local chairman on this issue, and they told me that they were doing these meet reports. And I said I wanted them. I said, if you send them to me, I want to analyze them, because if, in fact, we are missing more revenue than it would cost to put an extra man on that, I would do something about that. But we did not think so. And I have been waiting still to get those reports. I have seen a copy of a letter to you and I think to one or two other Senators. But I still have not gotten the meet reports, and I hope we get them. We want to analyze it and see.

Of course, we have ticket machines already in the Northeast corridor. Most of these things are the local trains that make many stops, like the New Jersey transit trains, and they present us with something of a problem because they essentially are commuter trains. We ought not to be in that business anyway. We ought not to be running local trains between New York and Philadelphia. They ought to be handled by Jersey Transit and SEPTA. But to the extent we do, we want to be sure we collect all the money that we can. So we are working on this.

Senator **Lautenberg**. Have you reduced the number of conductors?

Mr. **Sullivan**. We have reduced the number of conductors on our extra boards; however, we have a labor agreement and the staffing of the train is mandated by that labor agreement. And it in general depends on the number of cars on the train.

Senator **Lautenberg**. A minimum staffing?

Mr. SULLIVAN. Yes; there is a minimum staffing and then as the number of cars increase, the number of the assistant conductors increases, and we are obliged to provide that staffing.

Senator LAUTENBERG. OK, I urge you to look at that carefully and try to give me some more detailed information. I am going to give this to you as you have requested. And maybe one of your people wants to get it, it will be here.

Mr. CLAYTOR. Yes, sir; good. Thank you.

Senator LAUTENBERG. They are available to you. Do you think you have the most efficient system for ticket collection possible on your trains?

Mr. CLAYTOR. I hesitate to say that we ever have the most efficient system possible anywhere.

Senator LAUTENBERG. Most efficient available?

Mr. SULLIVAN. No; many European railroads do ticket validation right on the platform and do not collect tickets individually on the train. They just verify on a spot basis. And we are taking a look at those kind of systems to see if they apply to Amtrak.

SCREENING AMTRAK EMPLOYEES FOR SAFETY PURPOSES

Senator LAUTENBERG. OK. Mr. Claytor, we are getting close to the terminal here. The press accounts of the Night Owl crash up in Boston give me reason for concern. One press account pointed out that the train was being operated by an apprentice and the instructor, who was traveling with him at the time, had a very spotty safety record. In fact, the conductor had been permanently barred—correct me if I am wrong—from operating over the portion of the track owned by Metro North. The instructor had been involved in at least two other incidents including a crash in the Northeast region.

Now, how is it that an engineer barred from operating over tracks owned by one railroad is allowed to be an engineer's instructor on your railroad?

Mr. CLAYTOR. Well, Senator, there is much truth in that report. The engineer—it was not the conductor—it was the engineer who was instructing the apprentice. The apprentice was running the train at the time of the derailment. The apprentice had been——

Senator LAUTENBERG. A typographical error. Engineer is correct. It does not matter as we just learned. He is not the conductor.

Mr. SULLIVAN. Yes, sir; the apprentice engineer had been through training at ETRI, the school out in Chicago that uses a simulator, had been through our training school at Wilmington, DE, had been qualified on the physical characteristics of the territory, and had made runs with other engineers previously.

The instructor, and he was just the regular engineer that was assigned to the train that day, had, as you indicated, a spotty record where he had some previous derailment on the Hellgate line—this being maybe 10 years prior to this incident—and had been barred on the Metro North territory for a violation on that territory under an investigation that was conducted by Metro North.

Senator LAUTENBERG. Was there a fatality in the Metro North incident?

Mr. SULLIVAN. No, sir.

Senator LAUTENBERG. Were there fatalities on the Night Owl?

Mr. SULLIVAN. No; there were a lot of injuries.

Now, he was involved—to his defense—he was involved in a accident with a head-on collision on the Hellgate line of two Amtrak trains, where there was a fatality. But he had nothing to do with the cause of that accident, Senator.

Senator LAUTENBERG. It seems to me that that procedure ought to have a review and that a system ought to be developed to verify the backgrounds of the people in key jobs and not permit them to be involved in the operation of a railroad train. It certainly does not sound for a safe or an efficient way to operate.

Mr. SULLIVAN. I can assure you, Senator, that since this incident the whole procedure of qualifying the engineers and the system that was used is under review and will be modified.

LONGER AND HEAVIER TRUCKS

Senator LAUTENBERG. Mr. Claytor, as you know, the surface transportation bill may also address the issue of longer and heavier trucks. Now, if so, might that affect Amtrak's operation?

Mr. CLAYTOR. Yes, sir; actually, someone suggested to me that we ought to support larger truck sizes, because if you had twin 48's and triple rigs running around these highways, after someone had driven a couple of times, he would leave his car in the garage and take the train, so it would be great for us.

However, if you look at a little longer term operation, the fact is that every train we run outside the Northeast corridor is operated over the lines of the freight railroads. And their ability to operate at all depends upon the maintenance of their track for high speeds. They do keep it for high speeds for their piggyback trains as well as for us.

But if they lost most of their business other than coal and that type of thing, those tracks would inevitably deteriorate. I think there would be significant abandonments over lines on which we run. And so, while we might have more people wanting to ride the trains, we would not be able to take them because we have no place to run them outside the corridor. I think it will have a very adverse effect over the long run on the operation of our national passenger service.

And in fact, DOT's consultants have concluded that Amtrak's ability to break even at the end of 10 years depends on the fact that we have an integrated—Northeast corridor and long-distance—system, and that we would not be able to break even on the Northeast corridor if we did not have service to the rest of the country, which produces about 60 percent of our revenue, and considerable sharing in the overall costs. And therefore, we will be affected adversely in the Northeast corridor as well as off the corridor if this happens. And we are very much opposed to it.

Senator LAUTENBERG. Well, there are other questions raised about the efficacy of the longer, heavier truck operation. There is considerable question on the safety issue.

Mr. CLAYTOR. Yes, sir.

RAIL AS PART OF A BALANCED TRANSPORTATION SYSTEM

Senator LAUTENBERG. And our mission is not simply to promote revenues for railroading but rather to make available to the country the best ways of moving people and goods. And it is frustrating to me to look at what I believe are the possibilities for rail service in this country.

I do not know whether other nations make better use of their rail systems. I think they do on the passenger side. On the freight side, I do not know, but it seems to me that we continue to neglect what I believe is one of the most important resources that we could have to clean up our act on transportation.

Mr. CLAYTOR. I agree completely, sir.

Senator LAUTENBERG. The congestion on the highways—you do not have to read reports. All you have to do is open your eyes.

We must make a commitment to clean air, which we all know constitutes our legacy to future generations. We have an obligation to leave our kids and their kids and those who follow a habitable earth. And one of the ways to do it is to get rid of the toxics and the noxious fumes, the air emissions that keep destroying the quality of life. And also to turn our active hours into more productive use. There is nothing in my view that is worse than sitting for one-half hour in a traffic jam because the roads just cannot hold it—not counting, of course, accidents and unusually bad weather.

I do not understand why we just cannot get our message through. Mr. Claytor, maybe you and I are the wrong spokesmen. I do not know. But somehow or other we are not getting across the message that, regardless of whether we prefer railroads, cars, trucks, or airplanes, must continually strive to use the mode of transportation that is efficient and reliable, and is compatible with our commitment to clean air. I talk to the staff about this regularly as they will tell you—they are getting tired of hearing me.

Look at the difference in perspective that the cleanup of Union Station has made. You approach getting on the train with a sense of excitement and pleasure.

The way I guess it was some years ago—I do not remember that far back. But the fact is that if the stations are cleaner and many are in the process of being revamped—just as they do constantly with airline terminals. They are always working on upgrading them and making them more inviting with restaurants and this and that as opposed to dodging the vagrants and homeless. In a railway station, it makes quite a difference.

So one of these days, as I said to you the other day, before our time is up, yours and mine, over the next 30, 40 years—I would like to get into some good railroading and get on the train and know that the time we start is scheduled properly and the time we get off the ride is scheduled properly.

When I think of the possibility of having a car in the Northeast corridor where 4 or 6 or 8 people can sit together, get serious work done, as they travel to their destinations, as opposed to waiting in an airport and everybody unhappy—and this is not a diatribe against aviation—I love to fly and I do a lot of it personally.

Mr. CLAYTOR. We have such a conference car right now that has been designed just for that purpose, to provide business conferences on the Metro liner from Washington to New York. It will be——

Senator LAUTENBERG. Sounds like you gave me a clue, Mr. Claytor. I was hoping that would be considered original. [Laughter.]

But in any event, those are the amenities and——

Mr. CLAYTOR. That is right.

Senator LAUTENBERG [continuing]. The things that can be achieved through railroading. And for us to make an investment, no one throws $100 million around or $1 million or $1 billion, but when you look at the cost that we have put into that aviation system to upgrade it, when you look at the costs that we have put into highways, we have so short-changed the American public in terms of railroads and the opportunities that are presented as a result of both commuting and long distance rail, it is regrettable.

I was looking here at some figures on the air pollution ramification of Amtrak service in the Northeast corridor. If we have high-speed rail service between New York and Washington, we could annually avoid the emission of over 12,000 tons of carbon monoxide, almost 1,300 tons of hydrocarbons, more than 9,000 tons of nitrogen oxide. And when we complete the electrification between New York and Boston, we will be able to eliminate the emission of almost 27,000 tons of carbon monoxide, 2,900 tons of hydrocarbons, and 2,400 tons of nitrogen oxide. These figures are overwhelming. I worked on the clean air bill. I am also on the Environment Committee.

If the administration sees railroads as part of the solution to the clean air problem, I wonder why the devil it is that we have to work so hard to get the help that we need for Amtrak's budget. If the picture was not as favorable as it has been over the last 20 years, I mean, then you would say, OK, that would be money thrown away. Frankly, I think it is money well invested and I hope that we are somehow or another going to be able to get the job done before, Mr. Claytor, our time for retirement comes which is obviously way off in the future.

Thank you very, very much.

Mr. CLAYTOR. Thank you, sir. It has been a great pleasure.

Senator LAUTENBERG. And thanks to your colleagues. They represent the national rail passenger service very well.

Mr. HAYWARD. Thank you, sir.

Mr. SULLIVAN. Thank you, sir.

Mr. NORMAN. Thank you.

Mr. GILLESPIE. Thank you.

SUBMITTED QUESTIONS

Senator LAUTENBERG. Do not forget this, with my good wishes, Mr. Claytor. I am not even asking for a receipt. It is visibly acknowledged here.

[The following questions were not asked at the hearing, but were submitted to Amtrak for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

CUTS IN UMTA OPERATING ASSISTANCE

SENATOR LAUTENBERG: As I already stated, to make matters worse, the Administration is also proposing to eliminate all federal operating assistance to New Jersey Transit and SEPTA. New Jersey Transit alone would lose $35 million through this proposal and SEPTA would lose $32 million. Mr. Claytor, you work with these commuter agencies every day. Do you believe that these agencies can also do without federal operating assistance beginning this Fall?

ANSWER: Although I am not particularly familiar with either New Jersey Transit's or SEPTA's budgets, I can only assume that steep increases in their need for non-federal operating funds would be extremely difficult at this time. New Jersey Transit has imposed steep fare increases in recent years and additional increases sufficient to cover the shortfall proposed by the Administration may not be possible. SEPTA has suffered particularly difficult budget problems this year even without the cuts. At a time when the government should be encouraging energy efficient public transportation, these cuts would in all likelihood be very counter-productive.

USING THE HIGHWAY TRUST FUND FOR INTERCITY RAIL

SENATOR LAUTENBERG: Mr. Claytor, on March 5, Secretary Skinner was before the Environment and Public Works Committee. I told the Secretary at that time that I thought states should be given the option of using their Highway Trust Fund allocations for intercity rail passenger service. What is the extent of your current cost-sharing arrangements with the states?

ANSWER: Amtrak strongly supports giving states the flexibility to use their Highway Trust Fund allocations for other transportation projects that would improve the environment or reduce congestion. We believe many states would want this flexibility and that both commuter and intercity rail could benefit from this change. Many rail improvements needed to implement or improve commuter or intercity service are not particularly costly compared to the cost of even minor highway projects. Yet, because there is no federal program to provide federal funds for most rail capital projects, states often decide to forego rail projects in order to get the maximum federal allocations for highway construction. This does not constitute good public policy.

Amtrak has benefitted greatly from even the limited rail capital improvement programs of several states. These programs often are funded 100 percent by the states; when Amtrak's constrained capital budget permits it to contribute to these projects, it often is only on a small basis. For example, Amtrak has shared the cost of station improvements, railroad right-of-way upgrade programs, and equipment upgrades with various states. Under the 403(b) program, Amtrak attempts to share the cost of capital improvements associated with 403(b) service on a 50:50 basis with states. In other situations, our share may be more or less. Amtrak contributed 10 percent of the cost for replacing the rail line between Fullerton and Los Angeles (with Caltrans, Sante Fe, and three counties absorbing the remainder of the costs). These projects improve our national transportation system and should be actively encouraged by the federal government. Allowing states to use some highway funds for these programs would provide this needed encouragement.

NORTHEND ELECTRIFICATION -- COST, TIMING AND REALIGNING THE CORRIDOR

SENATOR LAUTENBERG: Mr. Claytor, you know this Committee invested $125 million last year to move ahead with electrification of the Northend of the Northeast Corridor in order to reduce travel time between New York and Boston to less than three hours. Assuming that you receive adequate funding, when do you expect us to have regular three hour service between the two cities?

ANSWER: There are four major construction projects that must be completed in order to permit reliable three hour service. These are: electrification of the rail line between New Haven and Boston; an improved connection at Shell Interlocking, where Amtrak and Metro North tracks join; the construction of center island platforms at Stamford; and reconfiguration of tracks through New Haven. Of these, the most time-consuming will be completion of the electrification project. This involves design of the system, acquisition of real property needed for substation construction, erecting catenary supports, designing and building electrical control systems, and hanging the catenary. From design to completion is expected to take approximately three to four years. A key here also will be completion of the Environmental Impact Statement that FRA believes must be undertaken. Assuming adequate funding and no undue delays in the EIS process, we believe that the electrification can be completed by the fall of 1995 and that service can be operating by January 1996. Between now and then, Amtrak also will have to make a decision on the equipment it intends to use to permit three hour service and to procure a sufficient number of train sets to permit up to 22 additional daily round trips. It should be noted that reconstruction of the Peck Bridge in Bridgeport, Connecticut, may possibly cause delays outside of Amtrak's control after 1996 until the Peck Bridge project is completed.

SENATOR LAUTENBERG: I understand that you have been studying the possibility of realigning 50 miles of the Corridor in order to bring the Boston-New York travel time down to two and one-half hours. What are your estimated costs for this realignment and how would you finance a project of this size?

ANSWER: Realignment of the right-of-way between Old Saybrook, Connecticut, and Kingston, Rhode Island, to permit 150 m.p.h. operations could reduce travel times between Boston and New York by an additional twenty-five minutes. In the process, many curves, five moveable bridges, and 16 grade crossings would be avoided. This could be the first truly high-speed rail project in America and could be an important proving ground for high-speed rail in this country. It would bring in important new revenues for Amtrak and significantly reduce congestion on the highways in the region, as well as the Boston, Providence, New York and Philadelphia airports.

We have made an initial analysis of the realignment. Because two major bridges would have to be built and numerous wetland issues would arise, we conservatively estimate the additional cost of the realignment at approximately $1.8 billion. We have not identified a funding source for these improvements. However, we believe that the reduced highway and airport congestion in the region resulting from competitive rail passenger service would eliminate the need for far more expensive highway and airport capacity expansion projects and that the realignment should be justified in this way.

SENATOR LAUTENBERG: How quickly could this project be completed if financing were found?

ANSWER: We believe that necessary environmental improvements could take three to four years to complete and that the entire project likely would take between eight and ten years.

SENATOR LAUTENBERG: When do you expect to proceed with your request for proposals for this project?

ANSWER: To prudently progress with this project, the environmental assessment would first have to be completed. Only then could the project be adequately assessed and designed. Amtrak hopes to develop a cost for such a full-scale environmental assessment during FY 1991 and will update the Committee on its findings.

SENATOR LAUTENBERG: What are the potential obstacles you see toward completion of the Northend electrification project?

ANSWER: Although we do not anticipate any problems, the environmental impact process could identify concerns at the state and local level that could delay the project. Otherwise, our only other concern would be procuring the necessary equipment in time for a January 1996 start up of service.

COULD TILT TECHNOLOGY SPEED UP NORTHEAST CORRIDOR TRAVEL TIME?

SENATOR LAUTENBERG: Mr. Claytor, you and I have talked about the possible use of tilt technology over the Northeast Corridor.

What time improvements can you see through the use of tilt technology and other methods for speeding up travel between Washington and New York?

What promise does tilt technology indicate for speeding up travels north of New York? Wouldn't the technology be especially suitable for that region, where there are a great many more curves?

ANSWER: The improvements between Washington and New York would be minimal. First, much of the Northeast Corridor between Washington and New York is high speed track with shallow curves. Second, because of various civil reasons, not all of the high speed curves are candidates for speed increases due to tilting, i.e. signal spacing, bridges within the curves, track-to-track and track-to-fixed structures clearances.

Tilt technology holds the greatest promise between New Haven and Westerly, RI. This railroad has excellent track conditions, and certain sections have numerous tight curves. We have performed an extensive series of tests in this region, and tilt body vehicles have shown the possibility of up to 15 minutes reduction in the travel time between Boston and New York.

COULD TILT TECHNOLOGY SPEED UP SOUTH END TRAVEL TIME?

SENATOR LAUTENBERG: Mr. Claytor, you and I have talked about the possible use of tilt technology over the Northeast Corridor.

How feasible are these kinds of improvements from a cost point of view?

ANSWER: We have not received any firm costs from any of the possible suppliers of tilt equipment. We feel that there will be substantial premium for this technology in both the purchase price, re-training and maintenance, especially if tilting locomotives are employed. These trains would have to be captive in the Boston-New Haven Corridor since it would be inefficient to use them south of New York.

We are looking at electrification of the New Haven to Boston line as a possible alternative to tilt trains. This would eliminate the locomotive change at New Haven and allow us to use existing types of electric locomotives and take advantage of their higher acceleration, reducing trip times.

Since we already have permission to operate Amfleet equipment in this region at five inches of high cant deficiency (and expect approval in the near future for six inches), operating a tilt train at eight inches on the new curves where this would be allowed, is not expected to save enough time to make it an economic feasibility. A high horsepower electric locomotive pulling Amfleet cars at six inches would be the most cost efficient approach.

SENATOR LAUTENBERG: How far away are we from making these kinds of improvements?

ANSWER: As has been mentioned above, we think that electrification is the best course to take to reduce trip times. Currently we are in the proposals/solicitation stage. Completion of the project is not expected until 1996 or 1997.

SENATOR LAUTENBERG: What impact do you believe a faster time between New York and Washington would have on the air shuttle services?

ANSWER: We believe that service under two hours 30 minutes would result in increased use of Amtrak by New York-Washington passengers and therefore could obviate the need for additional air shuttle flights. Improvements to reduce travel time to 2 hours 15 minutes or less would make Amtrak fully time-competitive with the air shuttles for passengers with Manhattan destinations. Amtrak already serves approximately 38 percent of the combined air/rail market between the two cities. Expanded use of Railfone, the availability of Amtrak's conference car, and enhanced first class lounges also help differentiate our service from that of the air shuttles and are expected to improve Amtrak's market share.

SENATOR LAUTENBERG: I understand that in order to get the New York to Washington travel time down to 2 hours and 15 minutes, you will also need more powerful locomotives than you currently have available.

Will your new locomotives buy include these more powerful locomotives?

ANSWER: Our new locomotive buy is Diesel Electric equipment for use on non-electrified tracks. These locomotives have a top speed of 103 mph. For the New York to Washington route, we only presently use electric locomotives for high speed, these do not have sufficient power for 150 mph.

SENATOR LAUTENBERG: From a safety point of view, is the corridor currently capable of handling trains at 150 miles per hour?

ANSWER: Yes, there are areas where the track is suitable for 150 mph operation, but the signalling system will require adjustment.

COULD TILT TRAINS IMPROVE NORTH END TRAVEL?

SENATOR LAUTENBERG: Is the right-of way currently suitable for the use of tilt technology north of New York?

ANSWER: Tilt technology usage north of New York would enable the trip time between destinations to be shortened. The curvatures in this portion of the railroad are very numerous, and speeds could be increased somewhat over their existing allowable speeds now in effect.

It is our desire to progress the electrification, which will provide greater acceleration and even greater reductions in overall trip times between destination points than with only tilt technology.

SENATOR LAUTENBERG: Would significant improvements be needed in the right-of-way at the North End to make it suitable for tilt trains?

ANSWER: To fully utilize the technology that tilt train concepts provide, realignments would be necessary. The existing alignments have very short tangents between numerous curves, and many curves have very short spirals which are the transition from straight or tangent track to the full curve alignment. Both of these provide restrictions to the full utilization of tilt technology.

ARE EMPLOYEES ADEQUATELY SCREENED FOR SAFETY PURPOSES?

SENATOR LAUTENBERG: Mr. Claytor, the press accounts of the Night Owl crash up in Boston gave me reason for some concern. One press account pointed out the train was being operated by an apprentice engineer and the instructor at the time had a very spotty safety record. In fact, the engineer had been permanently barred from operating over the portion of the corridor owned by Metro-North. The instructor had been involved in at least two other incidents, including a crash in the Northeast region. Do you have a standardized system through which you regularly review the safety records of all of your engineers?

ANSWER: Amtrak uses a mainframe computer program called TESTS (Total Efficiency and Safety Tests System) to store and retrieve engineer safety performance records. These records include operating rules tests and inspections, train handling performance evaluations, and discipline records. Amtrak has quotas requiring engineers to be subjected to operating rules tests and inspections once every month; train handling performance evaluations once every calendar quarter; and checked for speed compliance by radar once every ninety days. If an engineer is found to be in violation of any operating rule or train handling procedure, immediate corrective action is taken. Monthly reports detailing these records are automatically generated and distributed to division transportation superintendents for their review. These reports contain a detailed description of all of the operational tests conducted during the month with separate sections included to identify employees who have failed operational tests during the month, employees who have not been tested during the month, and employees who have been radar tested during the month. In addition, each transportation superintendent uses a query language called FOCUS that enables him to retrieve engineer safety performance records on a particular employee for any desired time period.

SENATOR LAUTENBERG: What lessons have you learned from the Night Owl crash and what remedies have you implemented.

ANSWER: Engineer trainees are permitted to operate a train only when under the direct supervision of engineers who have been selected and approved by the trainee's On-The-Job-Training (OJT) coordinator. When selecting employees to serve as trainers, the OJT coordinator must review the engineer's complete personnel and discipline records, including those derived from any service with another railroad. Clearly, engineers who have been found guilty of a serious rule violation in the past should not be permitted to train engineer trainees.

To help prevent any similar accident at the Back Bay Station, the eastbound automatic block signals governing the approach to the station have been altered to display a more restrictive -- Approach Medium -- aspect. This requires engineers to reduce the train speed to 45 m.p.h. and to approach the next signal at a speed not exceeding 30 m.p.h., which is sufficiently slow to prevent that train from derailing. If the engineer fails to take this action, the train speed automatically will be reduced. In addition, Approach Permanent Speed Limit signs have been installed as a permanent reminder to engineers of the 30 m.p.h. track speed beginning at mile post 227 on the approach to Back Bay Station.

MAINTENANCE ACTIVITIES ON THE NORTHEAST CORRIDOR

SENATOR LAUTENBERG: Mr. Claytor, how much did Amtrak spend in FY 1990 and how much do you expect to spend in FY 1991 in non-NECIP funds on maintenance activities along the Northeast Corridor? Please also provide those figures to the degree they are available from 1985 on.

ANSWER: For FY 1991, Amtrak expects to spend $93.2 million for maintenance of the Northeast Corridor. These funds come from Amtrak's operating budget and are not charged against the NECIP appropriations.

For the period FY 1985 through FY 1990, Amtrak spend, respectively: $101.6 million; $91.5 million; $90.2 million; $88.9 million; $92.0 million; and $96.6 million.

Funding Commuter Agency Costs Through UMTA

SENATOR LAUTENBERG: In your testimony, you have proposed to have this Committee take the funding for the commuter operations over the Northeast Corridor out of the Amtrak budget and appropriate those funds separately to the commuter agencies through UMTA. Mr. Claytor, this proposal doesn't save the government any money, does it?

ANSWER: No. What is does is remove Amtrak's obligation to pay costs that are unrelated to the provision of intercity rail passenger service, and thereby reduce our need for federal operating assistance to that level required only for provision of Amtrak service. These commuter costs are unrelated to Amtrak's operations and unnecessarily inflate Amtrak's cost to the federal taxpayer.

SENATOR LAUTENBERG: If we accept this proposal and the commuter agencies pay the costs of running over the Corridor, are you prepared to share some of your control over Corridor operations? Are you prepared to give a NJT train the same priority that you would give an Amtrak train, when determining who should be allowed on the Corridor at a given time?

ANSWER: There are two major areas of control which must be addressed; the first is the maintenance and improvements of the Corridor's fixed facilities, the second is the planning, scheduling and implementation of train operations.

If the commuter agencies pay the full cost of maintenance and other costs related to running over the Corridor, then Amtrak would share with the commuter agencies its plans for their review and input. However, it is important to note that a large percentage of such costs are directly related to their volume of operations.

Amtrak believes it presently shares with commuter agencies control and priorities in scheduling and operating trains. While Amtrak gives its premium Metroliner service the highest priority, it attempts to give equal priority to all other commuter and intercity trains. Scheduling is coordinated with the agencies to avoid operating conflicts. Problems arise when a train is off schedule and a decision has to be made to minimize the overall disruption to all service. It is Amtrak's policy to minimize such disruptions without regard to whether trains delayed are intercity or commuter trains. We believe that would be the most appropriate policy regardless of what agency was controlling the Corridor.

SENATOR LAUTENBERG: From the perspective of safety and efficient operations for both Amtrak and the commuter lines, does it make sense to have the responsibilities for operations of the Corridor be shared?

ANSWER: The planning and scheduling of operations in the Corridor should be shared and coordinated between Amtrak and the commuter agencies and indeed this is the current procedure. There may be a need for more specific procedures and ground rules and perhaps even an appeal process if a party believes a fair and rational decision has not been made.

Both Amtrak and the commuter agencies have a basic responsibility for their own employees and equipment. However, the responsibility for the operation of the Corridor facilities, including directing the operations of trains through the Corridor must remain the responsibility of the operator of the Corridor. To do otherwise could create chaos and would seriously impact on the safety and efficiency of all Corridor operations.

NEW ACQUISITION OF ROLLING STOCK -- EFFECT ON NORTHEAST OPERATIONS

SENATOR LAUTENBERG: Do you believe that you will not need any federal capital funds until a year from this July?

ANSWER: We strongly believe that federal capital funds will be needed prior to July, 1992. Availability of capital funds will be critical in ensuring the initiation of all projects requiring a cash outlay prior to July. Additionally, the absence of these funds early in the fiscal year will seriously impact the planned purchase of Viewliner equipment during the first quarter of FY92. A significant amount of capital will be necessary for the initial payment on this equipment.

SENATOR LAUTENBERG: Mr. Claytor, your own budget request includes almost $300 million for the acquisition of new rolling stock. Will any of these new acquisitions impact operations over the Northeast Corridor? Please explain how.

ANSWER: In FY92, Amtrak proposes to place an initial order for 100 new Viewliner cars, with an eventual need for 241 Viewliner cars. The 100 car order, which would require capital funding of over $240 million, is probably the minimum size to interest a builder and obtain reasonable unit costs. These cars will replace 40-year-old Heritage Fleet equipment that now forms the backbone of the eastern overnight trains, operating from Northeast Corridor points to Florida, Atlanta, New Orleans, Cincinnati, Cleveland and Chicago. Reequipping these trains will be a major service improvement for travelers originating or terminating their trips in Northeast Corridor points. In addition to offering improved passenger amenities because of their superior design characteristics, Viewliners will also reduce Amtrak's subsidy requirements due to their greater passenger capacity and lower maintenance costs.

SENATOR LAUTENBERG: Do you expect to spend down this balance this year?

ANSWER: Yes. Amtrak recently committed funds to purchase 52 diesel-electric locomotives, and expects to purchase additional Superliner equipment during this fiscal year. With these commitments, we expect our outstanding equipment balance to be fully obligated by late Spring, 1991.

ENHANCING SAFETY IN NEW JERSEY AND NEW YORK TUNNELS

SENATOR LAUTENBERG: I see that Amtrak's budget request includes $6.5 million for the design work for safety improvements for the Amtrak tunnel between New Jersey and New York.

What are the current safety deficiencies in the tunnel?

What upgrades are you anticipating over the new few years to address these deficiencies?

What are your cost estimates for these upgrades?

What is your timeframe for concluding these upgrades?

ANSWER: A Life Safety Study and Computer Modeling Analysis was completed by The Schirmer Engineering Corporation to audit and analyze the fire protection and life safety features in the North and East River Tunnels. The study involved all railroads and municipalities who will respond to emergency incidents, and recommendations were designed to improve fire protection and life safety features in the infrastructure and response to emergency situations. The major recommendations (deficiencies) include improvements to or construction of lighting, ventilation, exiting capacities, track level walking surface, wet standpipe system, communications (blue light stations), electrical feeders, signage, and sump pumps.

The Schirmer Engineering Study categorized recommendations as vital (49 total), important (50 total) and desirable (35 total). All physically possible vital projects/elements have been included into the planning of work packages while important/desirable elements were analyzed for the greatest safety impact. The following is a list of projects requiring long-term funding based on analyzing the Schirmer Report:

(1)	- New Ventilation System	$171,300,000
	- New Electrical System	25,000,000
	- Improvements to Emergency Exit Stairs at	
	- 11th Ave (LI), Park Ave	50,000,000
	- LIC, 1st Ave	33,600,000
	- 11th Ave (West Side Yard)	11,000,000
	- Weehawken	5,000,000
(2)	- Extend LIRR Mezzanine to Platforms 3-7	7,000,000
(3)	- Provide Additional Exists Platforms 1-11	35,000,000
(4)	- Controls for Mechanical & Elect. Systems	10,000,000

(5) - Provide Track Level Walking Surface	3,500,000
(6) - Initial Training for Instructors	500,000
(7) - Fire Alarm Control Panel - Penn Station New York	300,000
(8) - Wet Standpipe Systems	3,500,000
(9) - "Blue Light" Communication Stations	5,100,000
(10) - Computerized ERP	1,000,000
(11) - Rail Emergency Response Vehicle	800,000
(12) - Additional Benchwall Repairs	2,000,000
(13) - Connect Radios to Emergency Power	80,000
(14) - Sprinklers for Stairway Enclosures in Penn Station New York	300,000
(15) - Emergency Rescue Engines	4,000,000
TOTAL	$368,980,000

A major component of this work is the ventilation and electrical power distribution improvements for $296.9 million. Our consultant, Parsons, Brinkerhoff, Quade & Douglas is doing the preliminary design on an accelerated basis for the ventilation system and electrical power system which is scheduled for completion in early August, 1991. Amtrak and LIRR will review the preliminary design to determine the scope of individual work packages going into the final design. We estimate the engineering for the total final design for the ventilation system and electrical power system will be $2.6 million.

This year's request for $6.5 million includes the A/E design fee, additional benchwall repairs, connecting radios to emergency power, sprinklers for stairwell enclosures in Penn Station New York, wet standpipe systems (Design Phase I), track level walking surface (Phase I) and a rail emergency response vehicle.

The master plan for tunnel improvements is scheduled for completion in the year 2002. The ventilation system and electric power distribution improvement will require approximately eight and one half years for completion due to extensive caisson improvements and construction in subterranean environments.

REVENUE ENHANCEMENT PROGRAM

SENATOR LAUTENBERG: Mr. Claytor, what has been Amtrak's recent successes in enhancing revenue from non-passenger operations?

ANSWER: Over the past eight years, Amtrak has successfully implemented a number of communication-related revenue enhancement projects. During this time, three major product and service areas have emerged: communication resale; on-board telephone service; and fiber optic right-of-way leases.

In the area of communication resale, Amtrak has generated over $3 million dollars a year since 1984 by leasing our surplus communications to large, long-distance telecommunication companies. Amtrak received the communication capacity from MCI as part of our compensation for a New York - Washington, D.C. fiber optic right-of-way lease. Amtrak leases the communication capacity at the DS3 level which is the equivalent of 672 voice grade circuits.

Amtrak, through a joint venture with GTE Railfone, offers on-board telephone service on our Metroliners, New England Express and San Diegan services. The venture has proven to be quite profitable to the partners generating approximately one million dollars in FY90 revenue to Amtrak with an average of 5,000 calls made a week by passengers. During FY91, telephones will be installed in the food service cars utilized in the Northeast corridor which serve over nine million passengers.

Over the past eight years, fiber optic right-of-way agreements have generated tens of millions of dollars for Amtrak. However, since many of the major long distance telecommunication companies have already built systems along much of our right-of-way, we anticipate that the larger transactions will taper off. In order to maintain our fiber optic revenue, we are concentrating on generating more shorter distance leases. During FY91, Amtrak also entered into an agreement with Bell Atlantic Mobile Systems (BAMS) to lease BAMS sites along our Washington, D.C. - Trenton right-of-way for the placement of cellular facilities as part of their commercial cellular network. We anticipate earning over $1.3 million from fiber optic/cellular right-of-way leases in FY91.

Over the past four years, Amtrak has generated average revenues of approximately $40 million per year from real estate and railroad services activities, and projects that it will earn approximately $44 million from these same sources in FY91 as follows:

	(Millions)	
	FY87-90 AVG.	FY91
Real Estate Lease, Licenses, Easements and Concessions	$21.3	$32.6
Major Real Estate Sales and Condemnations	8.2	1.9
Other Real Estate Transactions, Track and Equipment Services and Cogeneration	10.5	9.5
	$40.0	$44.0

SENATOR LAUTENBERG: What other economic development improvements can we expect to see in 1992?

ANSWER: During FY91 and FY92, Amtrak will continue to pursue communication-related revenue enhancement projects. Following on the success of our communication leases to large, long distance telecommunication companies, we are currently in the process of introducing a new communication service, EX1, commonly referred to in the telecommunication industry as a DS1 circuit, the equivalent of 24 voice grade circuits. This new service will be actively marketed in FY92 to small and medium size long distance telecommunication companies and large communication users. We will also study new routes and services for possible implementation of Railfone service. We are actively studying the Chicago - St. Louis and Chicago - Detroit services for possible Railfone expansion in FY92. We also are working to facilitate the construction of a commercial fiber optic system between New York and Boston which would utilize Amtrak's New Haven - Providence right-of-way and provide Amtrak with a much needed communication system between New Haven and Boston.

In FY92, Amtrak will earn well over $40 million from activities as follows:

	FY92 (Millions)
Real Estate Leases, Licenses, Easements and Concessions	$38.9
Major Real Estate Sales and Condemnations	1.3
Other Real Estate Transactions and Commuter and Track Services	5.0
	$45.2

SENATOR LAUTENBERG: Are there any notable Amtrak investments that do not appear to be panning out at the current time?

ANSWER: New Haven Cogeneration Plant - The economics for the continued operation of Amtrak's cogeneration plant in New Haven is no longer viable. The primary justification for the New Haven Cogeneration project was Amtrak's use of steam in the New Haven Yards. Subsequent to start-up, Amtrak sold its facilities in New Haven and the need for steam, which contributed substantially to the economic viability of the project, was eliminated. This, combined with fuel prices and other operational problems, has led to Amtrak's decision to close this operation by May 15, 1991.

SEPTA Norristown High Speed Line Cars - In December 1987, Amtrak and Asea Brown Boveri (ABB) of Sweden were awarded the contract to provide the Southeastern Pennsylvania Transportation Authority (SEPTA) with 26 high-speed line cars for their Norristown line. Delivery of the cars has been delayed, and Amtrak and ABB are currently reviewing alternatives to complete the project.

AMTRAK AS A SUBSTITUTE FOR SHORT-HAUL FLIGHTS

SENATOR LAUTENBERG: Mr. Claytor, in our hearing with Secretary Skinner, we raised the issue of Amtrak's suitability to replace the airlines in the short-haul market. Is the current level of Amtrak service really a serious competitor with the airlines in any place other than the New York-Washington route?

ANSWER: Several other short distance routes are somewhat competitive with air service because of relatively high frequencies of service, moderately fast speeds, and/or relatively poor air service. Most competitive is the New York-Albany Corridor. The Chicago-Milwaukee, Washington-Richmond, and Los Angeles-San Diego corridors are also somewhat competitive because of higher frequencies and direct downtown service.

SENATOR LAUTENBERG: Are there any routes outside of the Northeast Corridor where you see high-speed rail opportunities that could greatly minimize air congestion?

ANSWER: While we have not performed detailed studies in this area, there clearly are several heavily traveled city-pair air markets that could benefit from high-speed rail. Similar to the Boston-New York market, we understand that some 20 percent of flights out of the Seattle, Washington, airport are destined for Portland, Oregon. Existing rail passenger service (four hours) is not time competitive with air service. There is considerable interest in reducing travel times between the two cities to obviate the need for extremely costly expansion of the airport. High-speed rail between Dallas and Houston as an alternative to air service already is under active consideration. In addition, the Chicago hub also appears to have potential for high-speed rail, due to the high number of routes that could radiate out to many other cities, e.g., Detroit, St. Louis, Milwaukee, Indianapolis and Minneapolis/St. Paul. The Midwest High-Speed Rail Compact has studied the potential of several of these routes. Recently, a study was released that concluded that high-speed rail between Minneapolis and Chicago was feasible.

SENATOR LAUTENBERG: You and I have both seen a number of proposals for high-speed rail projects gain some attention around the country. Is Amtrak situated to participate in some of the projects?

ANSWER: We hope to position Amtrak to be the operator of choice for all new high-speed (and commuter) rail systems that come on line in the coming years. We have the best work force, management structure and experience in the industry regarding the provision, maintenance of equipment, maintenance of way, and marketing of surface transportation in this country. Indeed, we already have been asked to consider operating the Los Angeles-Las Vegas mag lev system, the Houston-Texas high-speed rail system and the Orlando mag lev system. We certainly look forward to a role in these futuristic systems, while at the same time improving the operation and marketability of our own rail passenger system.

SLOW PROGRESS ON CENTRALIZED AND ELECTRIC TRAFFIC CONTROL ON THE NORTHEAST CORRIDOR

SENATOR LAUTENBERG: Over the last three years, this Committee has invested $14.5 million into your Centralized and Electric Traffic Control (CETC) system. I believe that this project is critical for the safest possible control over both your high-speed trains and commuter trains.

Your FY 1992 budget includes $5.3 million for the final phase of this project between Wilmington, Delaware, and Newark, New Jersey. I am very concerned that this safety program be completed as soon as possible, but we have not seen much progress with the funds already appropriated. How much of this project has been completed to date?

ANSWER: Amtrak agrees fully that CETC is a critical component of safe, reliable service on the Northeast Corridor. It is important not only to Amtrak, but perhaps even more so to the commuter operations on the Corridor, which far outnumber Amtrak trains. CETC will ensure a safer operation and enable maximum utilization of the limited capacity of the Northeast Corridor rail line.

To date, CETC has been completed and is operational from Boston to Mansfield and from Washington to Marcus Hook. The field work is complete between Marcus Hook and Philadelphia, Hunter Interlocking and Elmora Interlocking, and at the Lane Interlocking, and is 80 percent complete between North Philadelphia and Holmes.

SENATOR LAUTENBERG: What has been the reason for the slow progress in spending the funds already appropriated?

ANSWER: FY 1989-FY 1991 funds for CETC have been committed for material, which, unfortunately, has not all been delivered due to delays by the supplier. Amtrak is moving ahead, however, and to date the project is not far behind schedule. One major problem has been the failure of SEPTA and New Jersey Transit to provide their share of the project costs to Amtrak. To date, no funds from either agency have been received. Some sixty percent of the costs for CETC between Philadelphia and Trenton must be funded by SETPA. Amtrak recently initiated an agreement with New Jersey Transit that provides for its share of the CETC funding. We also are hopeful that problems raised by SEPTA regarding commitment of its funds can be expeditiously resolved, although we have had great difficulty in this area, particularly in light of its current financial difficulties. The lack of commuter agency funds could significantly delay the project next year.

SENATOR LAUTENBERG: Assuming that your request for FY 1992 funds is fully appropriated, when can we expect all of these systems to be fully operational?

ANSWER: We expect the entire CETC system -- Boston to New Haven and New Rochelle to Washington -- to be fully operational by 1996. The New Haven-Mansfield component, mostly funded in FY 1991, will take the longest to complete but will be scheduled to ensure completion to coincide with completion of the electrification program.

SENATOR LAUTENBERG: Will there be a need to enhance this system once we have electrified the northend of the Corridor?

ANSWER: The only enhancement required will be to add Supervisory Control and Data Acquisition (SCADA) to the Boston CETC Center.

AMTRAK AS ENERGY SAVING POLICY

SENATOR LAUTENBERG: Mr. Claytor, what can you report to me about Amtrak's use of fossil fuels as compared to either the aviation industry or automobiles for travelling over the identical mileage?

ANSWER: There are few authoritative studies that offer fuel consumption comparisons between the various modes. All modes rely exclusively on fossil fuels for their energy source. Only rail relys on a combination of petroleum-based fuels and electricity produced from coal-fired power plants. The Oak Ridge National Laboratory produced a 1987 study which showed Amtrak trains as having a 65 percent advantage over the automobile and a 120 percent advantage over domestic air travel for fuel efficiency. We believe their Amtrak data was wrong and should have showed an efficiency advantage nearly 2 & 1/2 times as large. The simple facts are that an automobile averaging 20 miles per gallon with two passengers is operating at a fuel efficiency level of 40 passenger miles per gallon. Using Boeing corporation data, a 747-200B aircraft with a full 385 passenger load can produce 62 passenger miles per gallon of fuel. An eight car Amtrak train, with two of the eight cars being low-density cafe cars, can carry 600 passengers at 400 passenger miles per gallon. As you know Mr. Chairman, Amtrak has begun improvements that will reduce New York-Boston trip times to under three-hours in the not very distant future. The Coalition of Northeastern Governors (CONEG) High Speed Rail Task Force estimates that this development will reduce annual gasoline use by 4.5 million gallons and jet fuel use by 20 million gallons because of the fuel efficiency advantage of the increased train market share.

SENATOR LAUTENBERG: What are the ramifications in terms of air pollution for rail travel versus automobile travel and air travel over the same mileage? Do you have any statistics on that?

ANSWER: The known fuel efficiency advantages of the train versus other modes correlate with the comparable advantages in terms of reduced pollutants produced by the rail option. Established studies are difficult to find, however, and the evidence Amtrak can point to comes from third parties. The Coalition of Northeastern Governors High Speed Rail Task Force has concluded that the environmental emissions reductions achieved by diverting air and auto traffic to Amtrak in the New York to Boston region would equal 2,683 tons of airborne pollutants in the form of carbon monoxide, hydrocarbons and nitrogen dioxide. The more difficult to measure environmental benefits of avoided highway and airport development, safety advantages and financial savings available for other environmental needs are equally worthy of consideration.

AMTRAK ADVERTISING

SENATOR LAUTENBERG: How much will Amtrak spend on advertising and promotion in 1991?

ANSWER: Our current Advertising and Sales Promotion budget for FY 1991 is $43,146,000.

SENATOR LAUTENBERG: Is there an agency that does the majority of your advertising? If so, who is that agency?

ANSWER: DDB Needham Worldwide in New York does the majority of our advertising.

SENATOR LAUTENBERG: How long have you had that agency?

ANSWER: We have been under contract with DDB Needham Worldwide for 16 years.

SENATOR LAUTENBERG: When was the last time you placed Amtrak's advertising business up for review, allowing others to compete?

ANSWER: The last formal competitive advertising review was conducted in 1979. However, we evaluate the work of other agencies informally on a continual basis. We conduct a formal internal review of DDB Needham annually.

SENATOR LAUTENBERG: How do you measure the agency's effectiveness?

ANSWER: We measure the agency's effectiveness several ways. The primary measure is revenue growth on an annual basis. We also track call volume in our reservations centers during advertising periods as a measure of the effectiveness of an advertisement. Amtrak's advertising tracking survey is conducted on a continual, on-going basis among the traveling public. It provides a tracking measure of awareness, knowledge, comprehension, attitudes and image of Amtrak, its services and its competition. The agency's creative work is evaluated by its peers in the industry and has won hundreds of awards.

We measure the agency's general effectiveness in managing our business by continually evaluating the day-to-day working relationships, cost management systems and the agency's understanding and commitment to our account.

SENATOR LAUTENBERG: What is the agency's profit level on your business? How did you determine that?

ANSWER: DDB Needham charges Amtrak 15% commission for all media and other outside purchases made on behalf of Amtrak. This commission rate is standard in the advertising industry. From this revenue all agency costs are subtracted. These costs include employee salaries, corporate costs, travel, etc. What remains is the agency's profit. This level varies from year to year. The profit rate for 1990 was 6.39%

SIGNAL SYSTEM INSTALLATION

SENATOR LAUTENBERG: Signal systems are notorious for the time it takes to design, fabricate, test and install. Three interlockings were delivered to Amtrak for installation at Attleboro, Massachusetts, in 1981, another delivered in 1985, and the one for Kingston, Rhode Island, was received in 1985. None of these five are yet in service. Why is this and how will delays such as these by avoided in the future?

ANSWER: While it is true that design and fabrication of signal systems are very time-consuming, the problem with the interlockings you have mentioned was less with the design and more with schedule delays by the civil contractor. These delays were caused primarily by our inability in recent years, due to the high cost of living, to hire additional skilled labor in the Boston area for the project.

With respect to the future projects, Amtrak intends to do its very best to avoid delays that are within our control. It often is not possible or cost-effective for Amtrak to hire additional labor for specific, short-term projects. As a result, we have set manpower levels at the optimum level to minimize furloughs and lay-offs once projects are completed. Because of the long-term nature of the signal improvements already funded for the Northeast Corridor both north and south of New York, we do not anticipate delays resulting from a shortage of labor.

SEAT ROTATION IN ACCIDENTS

SENATOR LAUTENBERG: Has Amtrak resolved the problem of the rotation of seats in an accident with an adequate seat lock?

ANSWER: We have five qualified manufacturers of seat locks who have all passed shock tests. Seventy-six per cent of our cars are now equipped with seat locks as of March 16, 1991.

SCHEDULED STOPS ON INTERCITY SERVICE

SENATOR LAUTENBERG: Can you explain why Aberdeen, Maryland receives more service to and from Washington than Princeton and New Brunswick combined, and why Maryland's beltway park-and-ride receives more service than Metropark?

ANSWER: Amtrak does stop more trains at New Carrollton than Metropark. Although both stations have good highway access, New Carrollton has ample parking while daily parking at Metropark is exhausted by no later than 7:30 a.m. A suburban stop with no parking is much less attractive. While conceived of as an intercity stop its parking has been preempted by commuter traffic. In addition, New Carrollton has Metro connections and a large modern waiting room while the Metropark facility is small and cramped. Metropark also has a more difficult operating environment. Because the station platforms are on the local tracks, Amtrak trains lose even more time than normal crossing over to make a station stop. Heavy New Jersey Transit commuter train traffic increases the probability of delay, especially at peak rush hours.

Amtrak regards Metropark as an extremely important station stop. We are restoring a stop on Train 89 with our April timetable. Last October we added an afternoon southbound Metroliner stop. If we can work with New Jersey Transit to increase parking capacity we would definitely increase the level of train service at Metropark.

Amtrak does not offer a substantial level of service at Aberdeen, Maryland. Only the overnight and two afternoon return trains from New York stop at Aberdeen. Aberdeen is located almost 40 miles from Wilmington, the nearest stop for passengers going to/from New York (the major destination from Aberdeen). Princeton Junction has a similar level of service with three southward trains in the morning to Washington and an additional train to Philadelphia. New Brunswick has two southward trains in the morning.

Amtrak cannot serve every community in New Jersey and maintain competitive schedules between New York/Newark and

Washington. Each of these stops incurs a major time penalty as trains normally pass through at speeds up to 125 mph. Princeton is only 10 miles from Trenton and New Brunswick is only 8 miles from Metropark. New Jersey also operates frequent connecting commuter service to New Brunswick and Princeton Junction. The marginal gain in riders from additional stops at these two communities would be more than offset by the negative impact on much larger markets in the major cities.

QUESTIONS SUBMITTED BY SENATOR BYRD

STATUS OF THE CHARLESTON STATION

MR. BYRD: I understand that there has been a change in the availability of parking and passenger access at Amtrak's station in Charleston, West Virginia. What brought about these changes?

ANSWER: It is unclear what triggered the present problems Amtrak is experiencing at the Charleston station. The station was sold by CSX Transportation to a private individual. While the individual continues to permit Amtrak, as required under its agreement with CSX, to use the station facility, the individual recently has prevented Amtrak from using the station parking lot. As a result, Amtrak passengers have extremely limited parking access and the station no longer is accessible for passengers with mobility impairments.

MR. BYRD: Do you believe the current situation at the station is adequate to meet passenger needs?

ANSWER: No. Parking at the station is now limited to 5 spaces and the station no longer is accessible by wheelchair.

MR. BYRD: Have any short-term remedies been implemented to improve access and parking opportunities for Amtrak passengers? Are any additional short-term remedies anticipated?

ANSWER: Unfortunately, other than considering potential legal options against the owner of the station, few remedies appear available. One option that has been considered we which we do not recommend is to institute bus service to the station from one of the city's municipal lots. This would be costly and represent a denigration of service for our passengers.

MR. BYRD: What is the current lease arrangement for the Charleston station and when does that lease expire?

ANSWER: Amtrak has the right to use the station until 1996, at which time the arrangement must be renegotiated with the owner. The owner already has indicated that he does not intend to permit Amtrak to continue use of the station after 1996.

MR. BYRD: What are your long-term plans for the Charleston station? Might the station be relocated in order to improve service for Charleston passengers?

ANSWER: Amtrak is exploring the possibility of relocating the station to a site five miles east of the current location. Because of the elevated track in that area, Amtrak's options are very limited. We have not yet discussed the issue with property owners in the new area, but intend to do so in the future.

MR. BYRD: How will expansion of the Cardinal to daily service change your requirements at the Charleston station? How do you plan to address these requirements?

ANSWER: Daily Cardinal service will increase Amtrak's need for station services, such as ticketing and checked baggage service. We have not yet analyzed in great detail the increased needs of station on the Cardinal route but certainly intend to do so well in advance of the change to daily service.

REROUTING THE CARDINAL

MR. BYRD: Last year at this time, you reported to the Committee that CSX was re-evaluating its plan to abandon service on the Mountain Subdivision between Gordonsville and Clifton Forge, Virginia. Amtrak operates the Cardinal over most of this line, between Charlottesville and Clifton Forge. What can you report on CSX's evaluation of this issue?

ANSWER: We understand that CSX has no immediate plans to abandon service on the Mountain Subdivision. As a result, Amtrak has no plans to reroute the Cardinal.

MR. BYRD: Does CSX plan to continue tc run freight service over the Mountain Subdivision?

ANSWER: Our understanding is that CSX is continuing to run some freight over the Subdivision.

MR. BYRD: Does CSX continue to adequately maintain the track over the Mountain Subdivision?

ANSWER: Yes. The Subdivision is a well-maintain railroad.

DAILY SERVICE ON THE CARDINAL

MR. BYRD: Last year, you reported to the Committee that you intended to initiate a purchase of new Superliner cars in the summer of 1990. The timing of this purchase, accordingly to your testimony, was critical to freeing up Amfleet II cars for use on the Cardinal. These cars, once available, would enable Amtrak to expand the Cardinal to daily service. I understand that the acquisition of these Superliner cars is now delayed. When do you expect to finalize this purchase?

ANSWER: Because the acquisition of Superliner cars from Bombardier involves a single-source contract, Amtrak's Inspector General undertook a lengthy audit of the Bombardier proposal, which delayed presentation of the contract to Amtrak's Board of Directors for approval. As a result of the audit, significant costs savings were achieved. Amtrak's Board has reviewed the contract to acquire 140 Superliner cars and approved the contract subject to reaching a reasonable financing package. We expect the purchase to be finalized by the end of April 1991, with the first cars coming off the line 18 months thereafter.

MR. BYRD: What effect will this delay have on expanding the Cardinal to daily service?

ANSWER: It necessarily will delay the change by one year. Our first use of the new Superliner cars will be to convert the Auto Train to Superliner equipment. This will require Superliner coaches, diners, lounges and sleeping cars, which will not be completed until the end of 1995. Cars presently used on the Auto Train will then be used for the additional equipment required to go daily on the Cardinal.

MR. BYRD: What now is your timetable for expanding the Cardinal to daily service.

ANSWER: Based on the above schedules, equipment for a daily Cardinal will not be available until early 1996. Amtrak will update the Committee as to whether other alternatives exist for making the Cardinal daily in less time.

QUESTIONS SUBMITTED BY SENATOR SASSER

MR. SASSER: According to Amtrak statements in the past, private financing is available for equipment purchases. Is private financing still available for purchase of new locomotives and passenger cars? If so, how much could be obtained?

ANSWER: Amtrak has been successful to date in financing a portion of its recent locomotive and passenger car acquisitions. There are limits, however, on how much debt Amtrak can prudently undertake on its own behalf. It is likely that a significant portion of Amtrak's new equipment requirements over the next decade will have to be financed, thereby generating a growing debt service that must be paid out of operating funds. This must carefully be balanced against Amtrak's goal of eliminating its need for federal operating assistance by the end of the decade. As a result, the use of financing must be limited to our most critical needs and to those equipment acquisitions with a significant return on investment. Equipment for major new long-distance services generally would not fall within this category.

I should note, however, that Amtrak certainly would be willing to finance equipment for the Chicago-Florida route provided we were reimbursed for the financing costs (including principal). Indeed, this is the manner in which California has acquired the cars and locomotives necessary to expand service within the state. Although the state must pay the full cost of the equipment, it nonetheless benefits by Amtrak's ability to obtain the lowest possible equipment prices and financing terms. We expect a number of states and commuter authorities (for whom we provide commuter service) to follow California's example.

MR. SASSER: In Amtrak's report to Congress on the Chicago-Florida route, it was stated that the cost of new equipment would range from $150 million to $175 million and this expense could be lower if combined with a pending Amtrak order. How much would the cost be on the equipment if added to the current order?

ANSWER: Due to renegotiation of prices with Bombardier, Amtrak is pleased to report that based on the recent cost estimates for new Superliner equipment and locomotives, the cost for the equipment required for a Chicago-Florida service, if acquired as part of a pending Amtrak order, has decreased to approximately $130 million.

MR. SASSER: Since it would take 3-5 years for delivery of new equipment and the cost would be substantial, how viable would the use of refurbished equipment be? What are the projected capital costs, maintenance and operational costs, and revenues resulting from the use of refurbished equipment versus new equipment over a period of 5, 10 and 15 years? Please include any past examples from specific long-distance routes.

Response: Amtrak cannot consider refurbishing single-level equipment for use on a Chicago-Florida route.

The primary reason for this is the significant impact on revenues and costs that would result from the use of the lower capacity, less cost-efficient, and older equipment versus new, highly-marketable Superliners. We have projected that a Chicago-Florida service already would lose some $18-21 million annually -- one of the highest amounts in Amtrak's system -- using Superliner equipment. Use of older single-level equipment would boost this loss by as much as $8 million -- a 40 percent increase -- making the economics of the train difficult to justify. These increased costs are the result of $3.5 - $4 million in higher operating expenses, the need for three or more additional single-level cars per train to carry the same number of passengers as a train of Superliner cars, and lower revenues of $2.6-3.6 million due to the reduced marketability of Heritage (versus Superliner) cars.

I have attached a comparison of Superliner versus Heritage Fleet costs associated with a Chicago-Florida service.

MR. SASSER: What are the total projected annual costs and allocations, including all overheads, for the proposed Chicago-Florida rail service? Please provide answers in terms of track rental, labor, equipment (both refurbished and new), fuel, marketing/promotional and other cost allocations.

ANSWER: In preparing its route studies, many assumptions are made regarding various costs based on historical information and as a result, much of the detailed data you have requested in not available. However, the cost comparison provided in response to the previous question may be helpful.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

SENATOR D'AMATO: The Administration's bill to reauthorize the Surface Transportation Act provides for flexibility with respect to transit funds being used for highway projects, and for a limited amount of highway funds being used for transit. Will you be making any efforts to convince Congress that Amtrak should be eligible to receive some of this funding? Since the transit program is proposed for no-growth, I would recommend that any such flexibility come for the highway portion of the bill.

ANSWER: Amtrak strongly supports giving governors of each state the flexibility to use at least a portion of their federal highway funds on non-highway transportation projects if they contribute to improving the state's air quality or reducing automobile congestion. Amtrak has proposed that up to 25 percent of a state's federal highway fund allocations be available for such other transportation projects, including commuter and intercity rail. State transportation priorities should not be dictated solely by the availability of federal funds. In certain situtations, rail improvements may well be a better alternative to new highway construction, and a state should be able to use its federal highway funds for such projects. Clearly, highway congestion can be relieved not only by increasing highway capacity, but also by taking cars off the highway. The classic example of this is between New York and Boston, where congestion -- both on the highways and in the air -- could be significantly reduced by modest improvements to the Northeast Corridor rail line.

SENATOR D'AMATO: In the FY 1991 appropriations bill, I added an amendment to provide $11 million to complete Amtrak's Westside Connection. When will it open? What is the potential of adding more service to the line.

ANSWER: Amtrak's Empire (Westside) Connection will open on April 4, 1991, providing the first direct rail connections between the Northeast Corridor main line and upstate New York in Amtrak's history. All of Amtrak's New York City train operations will be consolidated at Penn Station, thereby eliminating the present need to transfer from Penn Station to Grand Central Terminal for Empire Service trains to points north and west of the City. Senator D'Amato has been instrumental in helping to fund this project, particularly the additional funding required to double track the westside rail line between Penn Station and the Spuyten Duyvil bridge. Double tracking should be completed by the end of the year and will help ensure that congestion on the line does not adversely impact the reliability of Amtrak's eight daily Empire Service trains.

Amtrak is anxious to provide additional trains between New York and upstate New York, but has been unable to do so due to a lack of passenger cars and dual power (diesel with third rail capable) locomotives. Amtrak has ordered 10 new locomotives to replace the aging FL-9 locomotives, which will help reliability and may permit some expansion of service. We will be working closely with the state to address the capacity needs of the Empire Service.

SENATOR D'AMATO: The Administration's budget would cut 47 percent from Amtrak's operating grant (from $343 million to $180 million). Do you think it is likely that Congress will enact the legislative changes needed to help Amtrak save money (e.g., repeal FELA)? Do you expect major productivity gains from rail unions? How would Amtrak cope with a 47 percent operating cut without mitigating factors?

ANSWER: Amtrak would be unable to operate its current system with the proposed 47 percent operating cut, and would be forced to shut down. Amtrak has requested an FY 1992 operating grant of $321 million. To the extent that the legislative and labor savings proposed by the Administration cannot be achieved, Amtrak will require the amount we have requested.

The legislative savings, we believe, will be difficult to achieve in the near term. Although Amtrak, the railroads and numerous other parties support the repeal of FELA, Congress has not heretofore shown great interest in its repeal. The other two major legislative proposals about which we have heard -- charging Northeast Corridor commuter agencies the fully allocated cost of their Northeast Corridor operations, and charging states the full cost of 403(b) service -- also face major opposition.

Some of the labor savings, I believe, can be achieved over a period of time, but certainly not all within a single year. Changes in work rules, which we strongly support, must be negotiated with the appropriate labor organizations. We are trying hard to modernize many work rules in the current round of contract negotiations. If successful, these will enable us to improve our productivity and would result in savings. Amtrak will keep the Subcommittee updated on any developments in this area and as to any reductions in its need for federal operating assistance resulting from labor savings.

QUESTIONS SUBMITTED BY SENATOR KASTEN

MR. KASTEN: If the cost saving elements of your legislative proposal are not enacted soon, how realistic is the goal that many of us share that Amtrak could in fact be self-sufficient by the year 2000?

ANSWER: Operational self-sufficiency will depend in largest part on productivity improvements and revenue increases resulting from new equipment. Congress already has helped Amtrak enormously by separating Amtrak's excess Railroad Retirement and Railroad Unemployment Insurance costs from the rest of Amtrak's operating grant. Because Amtrak returns these excess costs right back to the federal government, they do not result in a net outlay to Amtrak and properly have been excluded from Amtrak's grant. Other legislative changes, such as repeal of the Federal Employers Liability, will be important to achieving self-sufficiency but do not represent the largest costs or savings components.

MR. KASTEN: There are discussions going on in Wisconsin on the possibility of having the Milwaukee-Chicago trains stop in Kenosha. I believe that Amtrak, the State and the owners of the dog track have all been working toward making this stop a reality. Is Amtrak willing to make this stop in Kenosha, and what is the status or timing of this becoming a reality?

ANSWER: Amtrak has worked closely with Kenosha to provide a stop at the race track. In March, Amtrak gave the owners of the track the specifications for a platform and station shelter. We understand that the owners soon close on the property for the shelter and that construction could begin very shortly thereafter. We hope to begin stopping at Kenosha at the end of October 1991.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

MR. HATFIELD: It is my understanding that an increasing number of passengers have managed to board and ride Amtrak without paying the required fare. Obviously, in this time of fiscal restraint, it is necessary to maximize fare collection. It has come to my attention that this problem exists largely due to inadequate staffing of trains. Would you please explain to the Committee if this is indeed the case and if so why?

ANSWER: Amtrak already has provided the Committee with a lengthy response to this issue. We do not believe that this problem exists and are watching the issue of staffing extremely closely to ensure that we provide the most cost-effectively staffing of our trains. It is our conclusion that any loss in revenues from the failure to collect all passenger tickets is far offset by reduced staffing costs, consistent with staffing levels required by Amtrak's labor agreements.

MR. HATFIELD: In prior years, the Committee has discussed the ongoing problem with en route waste disposal from Amtrak trains. While I understand that efforts are being made to address this problem, I remain concerned with efforts to retrofit the existing train fleet with human waste retention systems. It is my understanding that Amtrak intends to submit a report to Congress this fall detailing the retrofit schedule and related costs. The Fiscal 1992 budget proposal requests $3 million in federal capital to fund the initial retrofit program. My question is two part: 1) does Amtrak view this problem as aesthetic, a potential health problem, or as a threat to the environment?; and 2) would you please explain to the Committee what progress has been made to date with this program and how the funds will be used.

ANSWER: Three studies undertaken by various federal agencies have concluded that the release of wastes from passenger trains does not pose an identifiable threat to human health or the environment. Nonetheless, the issue has resulted in significant concern by employees working on the right-of-way and state health and environmental agencies. Accordingly, Amtrak is committed to resolving this problem within the six years time frame set forth in section 601 of the National Community Service Act of 1990.

Amtrak's program to develop new waste systems that can fully retain wastes over long distances is moving forward with considerable success. The new systems that have been developed will be used to retrofit existing equipment and on all new passenger equipment. Thus far, at least three systems have performed well on our various equipment types. We have ordered additional units of these prototype systems for further testing under all the conditions present on Amtrak's national system. Other systems Amtrak has tested have experienced occasional operational problems and Amtrak is working with the manufacturers to address these concerns. Amtrak hopes to complete its waste research and development program by the fall 1991.

Once the research program is completed, Amtrak will develop the final specifications for the waste retention systems and begin a procurement program for acquiring the needed systems. In all, at least 550 passenger cars will have to be retrofitted. In addition, waste collection facilities will have to be added to numerous stations across the country. We estimate that the final cost of the retrofit program could total $90 million and take until 1996. Amtrak intends to seek the necessary funding for the retrofit program from Congress, with the FY 1993 request in this area significantly higher than the $3 million requested for FY 1992.

QUESTION SUBMITTED BY SENATOR GORTON

MR. GORTON: Currently, the State of Washington is formulating a proposal for a joint 403(b) service between Seattle and Bellingham. The state needs assistance for a marketing survey to determine possible ridership between Seattle and Bellingham. Would Amtrak provide marketing survey assistance or advise the State on a possible researcher? If the State is required to conduct this study, would Amtrak rely on its numbers, or would Amtrak want to do its own study, due to the fact that we would not want to duplicate efforts?

ANSWER: Amtrak would be very pleased to work with the State regarding 403(b) service to Bellingham and perhaps Vancouver. In order to avoid unnecessary 403(b) cost and revenue analyses, Amtrak generally waits for a State to make a specific request to study potential state-supported service on a route. Amtrak necessarily must undertake its own analysis of the projected costs and revenues associated with such service. For this purpose, models that we have developed are used to project revenues. However, we lack the resources to undertake a full marketing studying which includes marketing surveys of the potential travelers along the route. If the state or city wants to undertake such a survey, Amtrak would certainly try to include the data in its own analyses. In this regard, we certainly will work closely with the State to identify the factors we deem important for such a study and to suggest ways in which the study could be made.

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

STATEMENT OF GILBERT E. CARMICHAEL, ADMINISTRATOR

ACCOMPANIED BY:

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INTRODUCTION OF WITNESS

Senator LAUTENBERG. Sorry for the delays, Mr. Carmichael. We are looking forward to hearing from you.

The subcommittee, as I am sure, Mr. Carmichael, you noted, is a little bit later than we wanted to get to hear from you. But I want to give you the opportunity to respond to some observations regarding the present Amtrak budget.

Separate, however, from the issue of Amtrak, the FRA is charged with the critical mission of ensuring safety throughout the Nation's railroads system. No matter how efficient it can become, without the appropriate levels of safety, then we certainly are not producing the product we want.

Recently, the GAO made numerous recommendations to improve the safety program at FRA. I would like to learn what is being done to address those concerns. The Rail Safety Act is now 3 years old, but we are just beginning to see the implementation of some aspects of the legislation. Some critical rulemakings still have not been finalized. The delay in bringing these regulations forward does not bode well for some of the new regulatory requirements that were just brought about by the new Hazardous Materials Transportation Act. But we hope that this new legislation will be implemented properly.

In addition to ensuring safety on the rails, FRA has been given primary Federal responsibility for R&D in the development of high-speed rail options, which as you have heard, I favor.

I believe high-speed rail has a critical role to play, not only in relieving air congestion, but in addressing our whole clean air agenda.

So I look forward to discussing this issue with you and I would ask you to introduce your other witnesses and make your statement.

OPENING STATEMENT OF GILBERT CARMICHAEL

Mr. CARMICHAEL. Thank you, Mr. Chairman.

I would like to introduce my staff that is with me today: On the right over here is Phil Olekszyk, the Acting Associate Administrator for Safety; to the immediate right of me is Mark Lindsey, Chief Counsel; this is Kathy Murphy on my left, the Budget Officer; Jim McQueen is the Associate Administrator for Railroad Development, which used to be called Passenger and Freight Service; and sitting next to Jim is his deputy, Bob Krick, the Director of Research and Development for FRA. It is a good professional team.

I have a formal statement that has been submitted to you for the record. This morning early, I sat down and sketched out a few of the things that I would like to touch on and have a few notes here on a yellow pad. If you do not mind, I would like to just go over them quickly.

Senator LAUTENBERG. That would be fine.

Mr. CARMICHAEL. Our 1992 budget request asks for 791 positions, 728 FTE's, and a budget authority of $566 million. As I understand the role of FRA and my role as Administrator, it is to help assure Congress and the President and the Secretary that our railroad system is safe. And that is part of what I would like to do today in this little introduction.

President Bush and Secretary Skinner, and all the modes of the Department of Transportation, produced a National Transportation Policy last year. And relating to one of the things you were speaking about earlier, I want to assure you that the National Transportation Policy does recognize the role of the railroad mode in any solutions for our Nation in this decade and for the next century.

As the Administrator, I would like to report that we have 608 railroad companies in the United States—private railroad companies, class I, II, and III. And I think that I can honestly and specifically report that they are in good to excellent condition. The class I's have created an intermodal, interstate system of 150,000 miles of track. That intermodal, interstate system is four times larger than our interstate highway system.

These are private companies, and these private companies are spending $1 billion a year into their infrastructure. I think I can very easily report that today's American railroads are in the best shape in their history. And I think the statistics will prove that the railroad today in the United States is safer than they have ever been. It is our Department's responsibility to oversee and to be a good, tough safety agency.

With the other modes overstressed, as you pointed out earlier, the highways and the airways are needing billions of dollars' worth of repairs—after this energy crisis we just went through. The railroad mode is not stressed, and the sad thing is that it is underused. This huge mode is probably operating at about 25 percent of its capacity.

The Department of Transportation uses a very small FRA staff to monitor this huge mode, to monitor its safety in a very efficient way. And I believe that I can unequivocally say that the FRA is doing a very good job of tightly monitoring it.

Just to put it in perspective, there are 200,000 miles of right-of-way out there. We call them America's railroad system. Millions of pieces of heavy equipment and billions of movements, and 250,000 employees.

Now when you look at safety in the railroad, Mr. Chairman, you have to look at the fatalities in the industry itself. In 1989, in moving train accidents or incidents, there were 29 fatalities in the railroad mode, and these were on moving trains. In 1990, the fatalities dropped to 20 fatalities for the year.

So the mode itself, in its own operating environment, is an extremely safe mode. Our biggest worry is not railroad accidents, but highway accidents at grade crossings. It is the highway accidents that are causing the railroads such a problem. And FRA, UMTA, and FHWA are working together to address the grade-crossing accidents and the trespasser fatalities which are big in our numbers. They are not as significant in the other modes' numbers, but they are very big to us.

Let me digress for a moment as we look at the railroad industry. I want to make a special salute to the industry because they have been the silent heroes in Desert Shield and Desert Storm. Without a hitch in the past 7 months, the railroad industry in the United States moved more than 18,000 carloads of equipment, material, and ammunition. I hope the Congress and the Nation realize the defense value of this railroad mode, to add to your comments that you made earlier.

The mode is safe. It is very fuel efficient. I think it is part of the solution of the next century and I want it to be part of the solution in this decade.

Now, let me talk about FRA specifically and the GAO reports that you mentioned. FRA's role and its main mission is safety. The Secretary's National Transportation Policy identifies that the whole DOT role is for safety. And the NTP also says it has to be intermodal, it has to be a good player in the environment, and DOT has to do research.

FRA is doing all of these things. Since last year, FRA has responded with its own internal investigation to the DOT Inspector General's investigation, to the numerous GAO reports, to the labor criticisms, and to the AAR's criticism.

Our response has included a major realignment of FRA's operation from safety to railroad development, which the Secretary has approved. The new railroad system in FRA during the last decade has reduced accidents by 1 million train-miles measurements. In 1978, there were 15 accidents per million train-miles. In 1989, there were less than 5 accidents per million train-miles. So the industry, working with FRA, has pulled its figures down significantly.

Because of this, there is a very advanced, new high-technology railroad industry developing out there and it is evolving rapidly. FRA had no choice about staying in its old ways of doing business. It had to change its approach to the new technology and its approach to safety.

Our data can no longer be almost correct. It has to be correct. Our inspectors must be very strategic and very scientific to determine and to deter the unsafe practices that the industry is using.

Our old ways are over and our new ways begin. Our manuals are being updated. Our staff is being professionally trained, rather than just through on-the-job, or what I call "osmosis" training.

Now to give you a specific report quickly of what we have done in the agency. We have responded to all of the reports, not with rhetoric but with action. We have aggressively hired additional inspectors. We have aggressively attacked the violation backlog that this committee asked about last year. And we have done that for two reasons. One is to get it behind us, and the other is to increase the timeliness of our enforcement.

Just about all of the heavy work of the rules for the Railroad Safety Act of 1988 have been taken care of or are in the final processes.

We are hiring a new Associate Administrator for Safety. If we are going to have a new approach to safety, I think it is very appropriate that we bring on a good, strong new person in this area. We have selected a person and are waiting for his nomination to be approved.

We have moved the State inspectors. There are 112 of them around the United States in 31 States. We have moved them into being full partners with our Federal inspectors. We have redirected our hazmat inspectors so that they are doing more inspection on the shippers rather than just on the railroads.

We have hired a bridge engineer. We have a huge quantity of bridges in the railroad mode. They were all over-built, thank God, and they are beginning to get some age. So we have an engineer on board right now evaluating what our railroad bridge situation is around this country.

We have hired a Ph.D. to do our training. Her job is training and communications.

And we have developed a national inspection plan as I talked about earlier, a new strategic plan. We had a regional inspection plan and we now have a national inspection plan. We have moved our eight regional directors into a stronger role in working with our Washington headquarters and we have moved heavily with the other DOT modes to address the grade-crossing rule.

I am almost finished, Mr. Chairman. FRA has a research and development role and we have an advocacy role for the railroad development, both freight and passenger. And we are accepting the safety research and development and the advocacy roles.

The Bush administration and Secretary Skinner and the Department have made a major policy change regarding railroads. You heard Mr. Claytor make the statement earlier that the Department has recognized that rail passenger service is an essential part of an integrated transportation system, coming right out of the National Transportation Policy.

Our approach to Amtrak is going to be different. High-speed rail, as we see it, is a very good new technology, and we are quite excited about the possibilities of maglev. So FRA looks forward to doing what Mr. Claytor talked about.

We like the triparty arrangement—of working with the administration, with Congress, and with Amtrak. We think Amtrak can be self-sufficient by the year 2000. We think it is very possible and not only do we think it is very possible, we think it can be contributing to capital near the end of this decade.

We are very impressed with Amtrak's figures. We are using a 77-percent level right now of operational cost recovery. We think that is significant. I was very happy to hear Mr. Claytor say he is talking about 80 percent this year.

The Amtrak team under Graham Claytor is amazing. He has put together a very interesting team. We have gone from zero last year to $480 million in our 1992 request. One of the significant facts of this zero to $480 million is that we have proposed 150 million dollars' worth of new capital for Amtrak. That is $7 million above last year. So there is this partnership to develop—a triparty partnership between the administration and Congress and Amtrak.

Our job is to propose what we can do. If the Congress helps and does its share, and if Amtrak's management and Amtrak's labor does its share, then we can achieve this figure that we are talking about. We want to increase the capital next year and as Amtrak reduces its subsidy needs, we will be encouraging the increase in capital.

Another major program in FRA is the safety qualifications for these new technologies that we have talked about. On the freight side, there is a new global intermodal transportation rail system and truck system developing.

Senator LAUTENBERG. Will you be able to conclude soon, please——

Mr. CARMICHAEL. Yes, sir; I am finishing.

Senator LAUTENBERG [continuing]. Mr. Carmichael, because otherwise we are going to be out of time.

Mr. CARMICHAEL. All right, sir. I will summarize with this. We are also doing high-level, aggressive work on maglev, high-speed steel, and the tilt technology.

Let me just finish with this. We have responded as an agency to the critique that has been given us. The railroad industry is extremely good in this era and we can still do a lot more.

Thank you, sir.

PREPARED STATEMENT

Senator LAUTENBERG. Thanks very much, Mr. Carmichael. We have your complete statement and it will be made part of the record.

[The statement follows:]

STATEMENT OF GILBERT E. CARMICHAEL

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to present the fiscal year 1992 budget request for the Federal Railroad Administration (FRA).

FRA's total request is for $566 million in budget authority and 791 positions and 728 full-time equivalents (FTEs). Our request reflects the continued commitment of President Bush and Secretary Skinner toward ensuring that our nation's rail transportation system provides safe, reliable and efficient service.

The Secretary's National Transportation Policy promotes competitiveness, economic efficiency, safety, environmental responsibility, energy efficiency, and national security. It also provides the opportunity for the railroad mode to become a major player in the transportation system. Unlike the other modes, the railroad mode has excess capacity and is in shape to carry more freight and passengers. Railroads are safer, more fuel efficient, and less polluting than the competition, and are in the best operating condition in railroad history. Finally, the industry has extremely valuable rights of way into our congested urban areas, which alone would make it a part of the national solution to air pollution and congestion.

This is an exciting opportunity for the railroad industry and I foresee that this decade will be a most interesting and productive period for American railroads.

Before summarizing FRA's specific funding requests, I would like to highlight some of our thinking during this past year and FRA's current priorities, as a basis for our 1992 programs. I believe that Secretary Skinner's National Transportation Policy provides a framework for describing these priorities.

NTP/SAFETY

The overall theme of the NTP is safety. Safety is of fundamental importance—both from a human and an economic standpoint. All transportation systems must be perceived as safe—by the public, by the shippers, by users, by Congress and regulating agencies, and by the news media. One accident covered in two minutes on television can cause many people to lose sight of and confidence in an industry's safety record.

FRA's first and foremost priority is to see that rail carriers and their employees conduct themselves and operate their equipment in a safe manner. Inspections must be thorough enough, and enforcement has to be tough enough, to keep everyone focused on ensuring the safety performance of America's railroads. The safety record of the railroad industry is exceptional. Accidents per million train miles have decreased from 15 in 1978 to 4.96 in 1989. Railroad related casualty figures have shown a similar improvement. In 1978, there were 72,545 reported injuries and 1,646 fatalities. By 1989, these figures decreased to 26,715 reported injuries and 1,324 fatalities, a reduction of 63.2 and 19.6 percent, respectively.

In 1989, there were 29 fatalities connected with railroad operations involving employees on duty. Another 54 resulted from other accidents or incidents. The balance reflects 1,241 fatalities resulting from accidents at highway-railroad crossings and trespassing.

A vast majority of the reported injuries are minor. Of the 26,715 injuries reported in 1989, only 10.8 percent or 2,872 can be classified as serious, that is, resulting in an amputation, dislocation, fracture, hernia, concussion, or internal injury.

Despite these encouraging statistics over the past several years, railroad safety remains our priority concern. New trends and developments require fresh thinking. For example, while the Staggers Act of 1980 helped pump needed revenue into the industry and significantly aided in reducing the number of track and equipment caused accidents, the number of accidents due to human factors as a percentage of the total number of train accidents has increased. If we are to continue to improve railroad safety statistics, we must deal with this type of accident—which involves more complex factors than other types of accidents.

FRA has aggressively increased its safety inspector work force. Communications between senior management at headquarters and program staff in the field is much better and will continue to improve. Our regional directors are now key members of our management team, through the participation in agency staff meetings via conference calls, multi-day regional conferences, and on-site visits. Training for inspectors is being revised to ensure that the inspectors have up-to-date information, consistent interpretation of policies and procedures, and career development opportunities to strengthen their skills. We are revising our manuals in order that they are more useful enforcement tools. The tentative schedule for completing revisions to all manuals is December of this year.

FRA has increased the number of safety lawyers and has installed new computer systems in the Office of Chief Counsel to better track and timely process safety violations.

Our Safety Office is working with other DOT agencies, state and local law-enforcement groups, and the public to develop better systems for, and more awareness of, highway-rail crossings.

Finally, FRA continues to assess the safety implications of new technology so the industry and the nation will be ready for the future.

With safety as our top priority, everyone in the agency—from the Administrator on down—is committed to giving our safety team the tools they need to get the job done. Our statistics must be the best, our manuals and training must be models, and our sanctions must be sufficient to provide the maximum deterrence to unsafe conduct.

FRA's fiscal year 1992 budget request supports those tools and reflects a change—a change in attitude, policy, and operations.

AMTRAK

For the first time in seven years, the Department is requesting an appropriation for Amtrak—$480 million for fiscal year 1992. This is a change in policy; however, it does not signify a change in our philosophy that intercity rail operations should become self-sufficient. A significant portion of Federal financial support is the result of burdensome statutory requirements and inefficient operating rules that inflate operating costs as well as the result of insufficient capital to provide for revenue expansion and efficiency improvements. The administration's fiscal year 1992 request addresses these issues. This budget represents the initial phase of a long-term strategy being developed by the Department to move Amtrak toward self-sufficiency and is consistent with both Amtrak's stated corporate goal of self-sufficiency and the National Transportation Policy Statement issued by the President and the Secretary last year. It does not call for any cuts in Amtrak services, route terminations or reductions in the quality of any Amtrak service.

The following highlights the four major elements of our strategy: (1) eliminating unnecessary costs imposed on Amtrak, (2) achieving significant productivity improvements, (3) requiring that state and local governments that receive Amtrak services pay Amtrak the fair cost for 403b and commuter services, and (4) providing capital to permit continued revenue growth.

Let me give you one example of what Congress can do to immediately reduce Amtrak's subsidy requirements. Repeal FELA and place Amtrak workers under state worker's compensation programs. This would save Amtrak $17 million without eliminating one train or jeopardizing the safety of a single Amtrak employee. There is no reason the public should be subsidizing the FELA system. We also know of $85 million in labor productivity savings that are achievable without reducing Amtrak services. In fact, Amtrak has identified a significant portion of these itself.

Capital, the fourth element of the plan, is essential not only for a number of these types of savings, but also for the long-term expansion of Amtrak ridership and revenue. For example, approximately $8 million worth of first-year potential savings have been identified as being associated with capital improvements in Amtrak's maintenance shops. In the longer term, the fleet replacement program will result in substituting higher capacity vehicles and enabling Amtrak to significantly increase its revenues per vehicle and reduce its maintenance costs.

Amtrak has made significant progress in improving efficiency and reducing the subsidy and our program is designed to reinforce further progress in this direction.

GAO REPORTS

In response to FRA's own internal reviews and DOT IG and GAO reports, FRA has adopted a new National Inspection Plan (NIP). It is changing the Office of Safety's organizational structure, management team, policies and procedures, data bases and training programs. We believe that we have taken action in addressing each of the GAO and DOT IG recommendations, as well as developing our own improvements as follows:

This revised organizational structure clarifies the lines of authority and accountability within each inspection discipline and coincides with our proposed changes in the regional structure. First-line supervisors are experts in the same discipline as the inspectors working for them. Headquarters specialists are organized by discipline to improve guidance to the field.

We are in the final process of hiring a new Associate Administrator for Safety and three new division chiefs, and have hired a new Training and Communications Director.

We have placed priority on ensuring the accuracy of our data bases. The April 1989 GAO audit report pointed to an under-reporting of accidents, injuries and property damage. To determine the extent of the possible underreporting, we are completing an inspection of the records of the same seven railroad divisions that GAO reviewed. We will compare our results with GAO's earlier findings. In addition, we are undertaking a review of records of similar divisions on other railroads. The focus of these reviews is to determine if the railroads have effective internal control procedures to ensure that accidents are being recorded accurately. FRA held an Advanced Notice of Proposed Rulemaking hearing on May 17, 1990 to review and receive suggestions about enhanced reporting techniques and to improve the accident/incident system in order to make it more suitable for analysis. Our review of the railroads' internal control procedures will assist us in reaching a determination of appropriate Agency action under this open rulemaking.

With 361 professional inspection personnel in the regions to monitor 607 railroads having over 200,000 miles of track, 1.2 million freight cars, 30,000 locomotives, and over one quarter of a million employees, it is essential that FRA use its limited resources in a very strategic and scientific inspection process.

We are working to establish staffing standards for each of the 5 disciplines and to determine the number of inspectors needed to achieve these minimum coverage standards. While the requisite data is being gathered, we are making incremental improvements, providing all available support in manpower, computer hardware and software, and training.

The Regional Inspection Points (RIP) program is a key element in developing inspection priorities and staffing standards. Under this program the regions will supply to Headquarters—this month—a listing of inspection points by inspection discipline in each State. Some inspection disciplines may not be able to include the volume of activity at all inspection points until next year. Attempting to gather the data in a shorter period of time would severely compromise our ongoing inspection/monitoring efforts.

The Quality Improvement Program (QIP) is a sophisticated data base that defines and codes all inspector activities. It was implemented over a year ago and is proving to be invaluable in developing staffing standards.

FRA is conducting limited assessments of the larger railroads with a focus on their procedures and systems to ensure safety. In conducting these smaller scale assessments, FRA will target problem areas identified by our safety data. Proposed new guidelines for systematically planning and conducting system assessments are being reviewed by the regions.

FRA staff has met and will continue to meet with representatives of the National Association of Regulatory Utility Commissioners and the National Committee of State Railroad officials. The purpose of these meetings is to improve communication and coordination between FRA and the participating states concerning railroad safety.

The recent GAO audit concluded that FRA assessment procedures should include more strategic planning and be guided more by scientifically analyzing available information, development of safety indicators, determination of high risk locations, finding causes of safety problems, and reviewing existing inspection reports.

The FRA's NIP is a perpetual plan of regional enforcement activity, through which inspection resources are allocated. The new plan, which is expected to be completed by September 1991, and the new formal training program will play a major role in assuring consistency in the interpretation and enforcement of rules and regulations, and in the collection of fines.

MAGLEV/HIGH SPEED RAIL

More and more, high speed surface transportation—maglev and steel wheel—is recognized as part of the solution to some of the vexing problems confronting our nation's transportation system. A recent study on airport capacity by the Transportation Research Board recommended high speed rail as part of the solution to mounting airport congestion. The national energy strategy, recently released by the Department of Energy, calls for increased investigation of high speed rail's potential to reduce our dependence on unreliable sources of oil.

A number of states and private groups have expressed interest in developing high speed rail and/or maglev transportation systems. Few policy-makers question the need for new transportation systems. The question is: what is best for our needs? Over the next 18 months, we will move aggressively to assess this technology to see how it fits into our national transportation system.

Drawing on its initial assessment for Congress of the technical and economic feasibility of commercial U.S. maglev transportation systems, the FRA is continuing with a more in-depth, comprehensive examination of the issues highlighted in that June 1990 report. With continuing in-depth studies on the technical and economic feasibility of maglev, we hope to stimulate continued and additional participation and investment by the private sector and the states.

We have established the National Maglev Initiative to oversee Federal maglev activities. We are working with the Corps of Engineers, the Department of Energy, and the Environmental Protection Agency as an Interagency Maglev Coordinating Committee. This group's responsibility is to quickly assess the role of maglev in the U.S. transportation system, the economics of maglev, and the remaining technologies that must be developed.

A key consideration in the financial viability of any maglev or high speed rail project is the extent to which rights-of-way and guideway costs can be lowered. We are working with the Federal Highway Administration on a major study to examine the feasibility and implications of operating maglev on Interstate highways and other transportation rights-of-way.

Other continuing maglev research involves intermodal connections. To be workable and efficient, maglev must have high quality intermodal connections at downtown terminals and with connections at major airports. We are exploring these issues cooperatively with other offices within the Department, and state and local officials.

FRA has initiated a research and testing program to ensure that maglev and high speed systems are safe for revenue service in the U.S. The safety ground rules must be in place in a timely manner so that, in the event that even one project emerges, all safety conditions are known and incorporated at the beginning of the project.

High speed rail and maglev are promising alternatives to our current transportation systems. We believe that this research will make a valuable contribution to demonstrating the viability of these options for implementation in the United States.

The following outlines our request by appropriation:

RAILROAD SAFETY

The Railroad Safety fiscal year 1992 request level of $41 million reflects an increase of $6.7 million over the fiscal year 1991 enacted level and includes funding for staffing increases of 67 positions and 43 FTEs.

The staffing request includes 12 positions/FTEs for the inspector trainee program; 15 positions/FTEs to support the increased workload associated with the Hazardous Materials Transportation Uniform Safety Act of 1990; and 40 positions and 16 FTEs to support the increased workload associated with the Sanitary Food Transportation Act of 1990.

For the "Federal Enforcement" program, FRA is requesting $32.1 million, an increase of $5.4 million over the fiscal year 1991 enacted level. The increase includes: $2.6 million for non-discretionary increases, including $1.4 million for field space rental payments to GSA; $396,000 for the 12 new trainees; $550,000 for the safety training program; and $1.9 million for the 27 new hazmat and sanitary food inspectors.

The "Automated Track Inspection Program" request for $1.4 million will provide for the operation and maintenance of our survey vehicle over 28,000 miles of passenger, hazardous materials, and other priority traffic routes. The $197,000 increase over fiscal year 1991 is for equipment maintenance and replacement.

The "Safety Regulation and Program Administration" request is for $7.5 million. Included in the one million dollar increase over fiscal year 1991 are: $641,000 for non-discretionary increases, including $324,000 for payments to the departmental Working Capital Fund; $130,000 for QIP data entry; and $258,000 for the four hazmat and sanitary food technical support positions.

Beginning in fiscal year 1991, FRA is directed to collect $20 million in user fees. In fiscal year 1992, these fees are estimated to equal $41 million (approximately $34 under existing legislation plus $7 under proposed legislation). The implementation of user fees is consistent with the Secretary's National Transportation Policy.

AMTRAK

FRA's fiscal year 1992 budget request includes $480 million for Grants to the National Railroad Passenger Corporation (Amtrak) appropriation. This request is composed of three major activities: $180 million for operating grants, which reflects a decrease of $163.1 million as a result of an aggressive strategy of legislative reforms and management initiatives; $150 million for capital grants, an increase of $7 million over the fiscal year 1991 level; and $150 million for mandatory passenger rail service payments, which are reflected as a separate line item in the Amtrak account since it represents a cost to Amtrak. The fiscal year 1992 request supports a long-term strategy toward Amtrak self-sufficiency within the next ten years.

RAILROAD RESEARCH AND DEVELOPMENT

The Research and Development fiscal year 1992 request level of $26.3 million reflects an increase of $4.1 million over the fiscal year 1991 enacted level and includes funding for staffing increases of six positions and three FTEs.

The staffing request includes four positions/two FTEs for technical support of the safety aspects of maglev and high speed rail. Two positions/one FTE are for the administrative support of the maglev initiative.

The increase includes: $232,000 for non-discretionary increases; $70,000 for the administrative FTE; $50,000 for TRB membership; and $5.6 million to continue the research on maglev and high speed rail (and includes funding for the two technical maglev FTEs). These increases are offset by decreases of $1.8 million in other research and development program areas.

OFFICE OF THE ADMINISTRATOR

The Office of the Administrator's fiscal year 1992 request level of $18.2 million reflects an increase of $3.8 million over the fiscal year 1991 enacted level and includes funding for staffing increases of five positions/three FTEs in the Office of Chief Counsel. In addition, we are requesting one new reimbursable position/FTE (for a total of four positions/FTEs) to support our Rail Garrison activities for the U.S. Air Force and assist the Department of Defense in achieving more cost effective use of the U.S. rail capabilities and services.

For "Salaries and Expenses," FRA is requesting $15.4 million in budget authority, an increase of $2.6 million over the fiscal year 1991 level enacted by Congress. This increase includes: $2.3 million for non-discretionary increases, including $1.4 million for payments to the departmental Working Capital Fund, and $312,000 for new or expanded programs such as the additional staffing and office automation.

For "Contract Support," FRA is requesting $1.025 million in budget authority, an increase of $100,000 over the fiscal year 1991 enacted level. This increase is needed to acquire an up-to-date computerized data base, or to update an old data base owned by FRA, which will permit the gathering of more specific and accurate data, including demographic and economic data, to assist in rail transportation analysis and policy decisions.

For "Alaska Railroad Liabilities," FRA is requesting a total of $1.8 million, an increase of $1.1 million over the fiscal year 1991 enacted level. Of the total requested, $843,000 is to reimburse the Department of Labor (DOL) for the annual and lump-sum payments made to former Federal employees of the Alaska Railroad. This is an increase of $99,000 over the fiscal year 1991 DOL billing. One million dollars is requested to comply with the environmental cleanup activities related to Alaska Railroad properties which were previously owned by the Federal Railroad Administration.

Mr. Chairman, this completes my prepared statement. I would be pleased to answer the Subcommittee's questions.

ADMINISTRATION'S FUNDING RECOMMENDATION FOR AMTRAK

Senator LAUTENBERG. Mr. Carmichael, I want to try to move along rapidly. We are very interested in your comments. Surprised by some, very frankly, because you talk about how generous the administration's proposal for Amtrak is, because last year zero was recommended and this year $480 million.

Mr. CARMICHAEL. Yes, sir.

Senator LAUTENBERG. Well, had we done zero last year, we would not have had to talk now, because there would not be an Amtrak and look at all the money we could have saved.

I come out of the business world, as you do, and zero revenue has never helped a business succeed. In many ways the Federal Government is a customer of Amtrak, because they supply part of the revenue on behalf of the citizens of this country. Now, in my view, a recommended funding level of $480 million does not signify a serious interest by the administration in helping Amtrak make progress.

You have heard our discussions with Mr. Claytor. You sit on the Amtrak board. You know its financial situation. Your formal statement says the President's budget request "does not call for any cuts in Amtrak services, route terminations, or reductions in the quality of any Amtrak service." Now, based on what you have heard based on what I have heard, do you stand by that statement?

Mr. CARMICHAEL. Yes, sir.

Senator LAUTENBERG. Well——

Mr. CARMICHAEL. We are getting——

Senator LAUTENBERG. Well, I am about to witness I think a magic trick here. Do you maintain that Amtrak can endure a 48-percent operating subsidy cut without any effect in service?

Mr. CARMICHAEL. If Congress does not do what it needs to do in a way——

Senator LAUTENBERG. What does it need to do, Mr. Carmichael?

Mr. CARMICHAEL. It needs to get rid of FELA, for example. That will put $17 million that the taxpayer does not have to——

Senator LAUTENBERG. That is $17 million. We only have $500 million to go.

Mr. CARMICHAEL. All right, sir.

Senator LAUTENBERG. We are making progress.

Mr. CARMICHAEL. If the States will do like California is doing—California raised its fuel tax by 9 cents and dedicated $3 billion of the fuel tax to railroad projects. If the other States will do that, then we could save $15 million there.

Senator LAUTENBERG. OK.

Mr. CARMICHAEL. Now, I know that your problem and your concern about SEPTA——

Senator LAUTENBERG. It is not my problem. It is a national problem, Mr. Carmichael.

Mr. CARMICHAEL. I am just talking——

Senator LAUTENBERG. You have a very important responsibility.

Mr. CARMICHAEL. Yes, sir.

Senator LAUTENBERG. And what I hear you saying frankly if we were together in a business deal we would not be shaking hands. I just would like to know how in God's name it can be suggested that a cut of this proportion does not call for reduction in the quality of service. I mean, whatever you are proposing—thus far I think we are up to $15 or $20 million. We are talking about a budget that commences October 1, 1991. How is it possible to achieve these objectives by that date without reductions in service? Maybe your staff wants to put together something that tells me how you do it.

I have seen the President's numbers and I have seen the labor savings that you just heard Mr. Claytor catalog. You admire his ability. I do, too. So maybe you had a bad morning here, because he said that that could not be achieved. But how do you see it achieved?

Mr. CARMICHAEL. Our role, as I see the administration and the executive branch, is to give you the ideal situation, to show you what is necessary and see if we cannot hit it.

Now, we know what the ideal is; $480 million is based on real savings that we have been——

Senator LAUTENBERG. Well, the elimination of NECIP—you heard what Amtrak said about the Northeast corridor improvements that are necessary. When Secretary Skinner said something the other day about 1920's methodology, he is almost talking about 1920's infrastructure—railroading infrastructure—and some of the cars may be that old, too. Mr. Claytor, what is the oldest piece of equipment we have rolling today? Does anyone know?

Mr. CLAYTOR. About 45 to 50 years is the oldest I think.

Senator LAUTENBERG. OK, well, that sounds like it is fairly up to date. You came out of the automobile business.

Mr. **CARMICHAEL**. Yes, sir.

Senator **LAUTENBERG**. I do not know how many cars 1940 vintage are out there, but I would say that——

Mr. **CARMICHAEL**. Darn few of them.

Senator **LAUTENBERG**. Yes.

Mr. **CARMICHAEL**. And that is why our capital proposal is in there. That $150 million in our proposal is significant, because we would like Amtrak to continue its discipline. We would also like Congress to get rid of some of the archaic rules.

Senator **LAUTENBERG**. Define archaic. Could you be more specific about the archaic rules?

Mr. **CARMICHAEL**. I can go back to the one that is such a glaring example, the $17 million it is costing to operate under FELA.

Senator **LAUTENBERG**. Well, I am not conceding. I am just saying that, arithmetically, we are still so far from the target that I think it is less than candid to suggest that that is the way we are going to approach the problems of no reductions in Amtrak service and still meet the needs that Amtrak has outlined.

You confirm the committee's own strong opinion when you say Mr. Claytor has done a good job. We defied the administration's visions in the last few years by saying, no, we are not going to take zero. And so the railroad has gotten better as a result of Mr. Claytor's good management and our insistence on investments in railroading.

I think we could spend all day on it. I read your statements with interest—and with some surprise, because my background is in computers. I am pretty good at arithmetic, and I just cannot make it balance.

And I think that the statements are contradictory to expect that we can really invest in railroading and have that as part of a national transportation strategy, while funding that program at so low a level as to eliminate the only intercity rail service that we have.

AMTRAK LABOR NEGOTIATIONS

I do not want to beat this dead horse, but have you been monitoring Amtrak's negotiation with its unions, Mr. Carmichael?

Mr. **CARMICHAEL**. Yes, sir.

Senator **LAUTENBERG**. Is it your belief that we could get $85 million in wage and benefit cuts as well as the work rule changes by October 1?

Mr. **CARMICHAEL**. We have to have the ideal. One of us has to present the ideal condition so the other parties can figure out what they can do. We have seen Amtrak management do an extremely good job. As stated by Mr. Claytor, Amtrak is recovering 80 percent of its operating costs—a significant increase over previous years.

Senator **LAUTENBERG**. You are presenting——

Mr. **CARMICHAEL**. We are presenting the ideal. We are presenting the Congress with some tough problems, but if those tough problems could be solved by September 30, we would meet this ideal.

Senator **LAUTENBERG**. Well, if we could not get it, then would you recommend an increase in appropriations for Amtrak?

Mr. **CARMICHAEL**. That is Congress' decision and with the administration's concurrence.

Senator LAUTENBERG. This is an ideal whose time has not come, I can tell you that as an observer. I mean, it is so unrealistic to imagine we can pick up $85 million worth of work rule changes and wage and benefit cuts.

Mr. CARMICHAEL. They are tough.

FRA'S AMTRAK SELF-SUFFICIENCY STUDY

Senator LAUTENBERG. Secretary Skinner told us last Thursday that your Agency is currently undertaking a self-sufficiency study on Amtrak. Is that study still in process?

Mr. CARMICHAEL. Yes, sir; there are now three different studies on surface transportation.

Senator LAUTENBERG. When do you think this study will be complete?

Mr. CARMICHAEL. We are talking about the Amtrak study now. There are two more, the high-speed service study, and the Northeast corridor study. I think you are talking about the Amtrak study.

Senator LAUTENBERG. Self-sufficiency study.

Mr. CARMICHAEL. That is right. The contractor says he will have a presentation to the Department by midsummer.

Senator LAUTENBERG. So your conclusions are in advance of the completion of the study?

Mr. CARMICHAEL. Yes, sir.

Senator LAUTENBERG. Right, but if the study is still in process, how did you come up with the proposals which you say are necessary for Amtrak to become self-sufficient?

Mr. CARMICHAEL. The Department worked with Amtrak and OMB in developing the fiscal year 1992 request.

IMPACT OF ELIMINATING FEDERAL SUBSIDIES TO COMMUTER RAIL SYSTEMS

Senator LAUTENBERG. Mr. Carmichael, you developed your plan to pass on part of Amtrak's cost to New Jersey Transit and SEPTA. Did you consider the impact of your budget proposal in UMTA to eliminate all Federal operating assistance to these agencies?

Mr. CARMICHAEL. I was not privy to UMTA's approach and their philosophy.

Senator LAUTENBERG. Well, they are talking about eliminating Federal operating assistance to these agencies, New Jersey Transit, SEPTA——

Mr. CARMICHAEL. The general desire—as I interpret the desire of the administration, the President, and the Secretary—is that we want to move more toward capital and less toward subsidies. I know that applies in the case of FRA with Amtrak, so apparently it applies in UMTA to the different transit systems.

Senator LAUTENBERG. Well, but your proposal that we pass part of Amtrak's expenses on to these two systems, how does that square off with you, say——

Mr. CARMICHAEL. You and I are both businessmen and we came from that training. And let me give you my view of that. The Northeast corridor is an infrastructure project, and it should be trying to recover its true cost. If it has a customer that is not paying $23 million of its true cost, then it at least ought to recognize that it is not recovering its costs.

In our analysis of what I call the railroad bed operating company, the money that Amtrak is getting is going to its subsidies: To the New Jersey Transit or to SEPTA or to MBTA. And now identifying it as a subsidy, and Amtrak as an operating company, Amtrak needs to know what it is doing with its money. We just simply say that if you want Amtrak to be self-sufficient, then the States ought to be picking up their share of this cost that they are not paying.

Senator LAUTENBERG. If you ever have a chance to talk to Brian Clymer——

Mr. CARMICHAEL. Yes, sir; Brian Clymer, Dr. Larson, and I have dinner once a month. We are very close on a lot of intermodal activities. We are doing some highway rail-crossing projects together that are quite exciting.

Senator LAUTENBERG. So then you have compared some notes. I assume the purpose of the dinner was to get——

Mr. CARMICHAEL. I know they are trying to move toward capital projects.

Senator LAUTENBERG. Right. But what do you think would happen on New Jersey Transit and SEPTA if Amtrak passed on its costs? What would happen? Obviously, there would be some effect.

STATES' COSTS AND RESPONSIBILITIES

Mr. CARMICHAEL. I can only tell you where I am trying to encourage the States. I want the States to create railroad departments. I want States to do more like what I see in California. I want them to have the flexibility to use their Federal trust fund moneys, to spend it on rail or transit projects that they need. I think the Secretary's proposal generally in the New Highway Surface Transportation Act addresses flexibility for a multimodal trust fund. I hope that is what comes out of it.

The States are going to have to do what California is doing. They are going to have to raise their fuel tax and buy what they want to buy with it. And we want them to have the flexibility. So the solutions to these transit systems are probably going to have to be the solution that California has developed.

Senator LAUTENBERG. If we use the California example, we would be wrestling with all kinds of different environmental and congestion problems. So what we need to do in the Northeast is to encourage people to get out of the automobile—to get out of the airplanes——

Mr. CARMICHAEL. Right.

Senator LAUTENBERG [continuing]. And come to the railroads, the most energy efficient and most environmentally satisfying transportation approach. But yet your proposal makes it so expensive that it dissuades them from using those kinds of transportation services.

Do you know that Amtrak does not pay its true costs to run over some of the freight lines? Are you aware of that?

Mr. CARMICHAEL. Yes, sir; I have heard that. The freight railroads have given me that argument; but the interesting thing is——

Senator LAUTENBERG. Would you propose that Amtrak pay its——

Mr. CARMICHAEL. No, sir; let me give you an answer to that. The freight railroads out West are moving to double-stack technology—they are moving into much faster trains, and they are requiring higher, faster, better track. So the old argument that they can run a train at 30 miles an hour and Amtrak wants to run at 79 miles an hour is no longer true and, therefore, Amtrak should not be the only one paying for higher, faster, better track.

This new intermodal system that is being created by the class I railroads is a significant high-speed transportation system. So I think they are going to recognize Amtrak as a very good customer, and some of them are getting nice bonuses from helping Amtrak run properly.

Senator LAUTENBERG. But then why is it all right to say that New Jersey Transit and SEPTA ought to pay its true costs, when we are not saying to Amtrak, listen, you are using those freight lines and those improvements are being made, why are you not contributing your fair share?

Mr. CARMICHAEL. Mr. Chairman, I think what we are saying to the individual States is that you are going to have to raise your fuel taxes, and if you want to have the flexibility, you are going to have to pay for——

Senator LAUTENBERG. Are we going to stop the railroad at given State borders? Are we going to say we will fix the track up to Connecticut's border, and if Connecticut does not do it, that track is going to be bumpy the rest of the way? I mean, we are talking about an interstate, intercity service.

Mr. Claytor said himself that wherever the States will invest in equipment, they are happy to have them do it. They do not want to own the equipment. They are willing to operate them, as I understand it. So we cannot simply say the solution is that every State will have to buy its own rolling stock, and will have to pay for the track maintenance and safety improvements.

Mr. CARMICHAEL. They have no problem building new airports when they want one in the individual States. They have no problem putting bonds on themselves for——

Senator LAUTENBERG. Where do you think the money comes from? Is Colorado paying exclusively for its new airport? Certainly not. There is a trust fund. There is a source of revenues. I mean, we are willing to take highway funds, gasoline tax, and put it into highways because we think that highway improvements are a sensible approach.

But on the other hand, if this is a balanced transportation program that we are looking at, then we ought to be responding to the Clean Air Act and the congestion problems. I know that you are hewing to a proposal that was presented by the administration, and I respect your loyalty there. But at the same time, you have a responsibility as the head of FRA to try to give us proposals that are manageable or realistic.

AMTRAK'S NEED FOR CONTINUED SUPPORT

You keep talking about reductions in labor costs. To me, they look to be unachievable. And there are claims that the system is old fashioned, or the work rules are not quite what they ought to be.

But we have to make these adjustments over a period of time, and labor does make its contribution. I strongly feel that we have to invest in capital. We have to make sure that the subsidy we now provide is continued until such a point as Amtrak can be self-sufficient. Self-sufficiency is the goal for lots of us here. But they cannot do it by 1992. That is for sure.

Mr. CARMICHAEL. Excuse me, Mr. Chairman, but I look on Amtrak like I look on an airline company. The airline companies are in the business of moving people. Amtrak is in the business of moving people on surface transportation. I would like Amtrak to have the same rules and same privileges that an airline company has.

Many of the things that we are proposing in here that are cost-saving things are simply ways for Amtrak to be competitive with the airlines. We are talking about——

Senator LAUTENBERG. Why do we not reverse it and charge airlines for the amount of ground miles they fly over and say, OK, you have got to pay for right-of-way? Obviously, the conditions are so different that——

Mr. CARMICHAEL. There is a right-of-way in the airways.

Senator LAUTENBERG. There is?

Mr. CARMICHAEL. Yes, sir; there is.

Senator LAUTENBERG. And do the airlines pay for it? Do they have a cost——

Mr. CARMICHAEL. I do not know of any mode that is not subsidized.

Senator LAUTENBERG. That is right, aviation is subsidized.

Mr. CARMICHAEL. All of them are subsidized.

Senator LAUTENBERG. So you are saying that Amtrak should emulate the airlines, but give the airlines free rights-of-way and let them change their route. I mean, if there is a stormy day, they say fly south *x* degrees and then change your course later on. Amtrak has to pay and maintain its right-of-way, which is a permanent fixture. The airlines are not assessed costs for that.

Mr. CARMICHAEL. Amtrak is not a railroad. It is a passenger service operating on the freight railroad system in the United States, and it is now paying the freight railroads for using that track.

SEPTA'S PAYMENTS TO AMTRAK

Senator LAUTENBERG. Well, it does not pay its full cost. You say they should not, but you want to pass the cost onto New Jersey Transit and SEPTA and others. Are you aware that SEPTA is already way behind in its payments to Amtrak?

Mr. CARMICHAEL. Yes, sir.

Senator LAUTENBERG. What should we do with SEPTA? Do you think we ought to shut them down if they do not pay? That is usually what happens when we have bad receivables, we cut the customer off.

Mr. CARMICHAEL. I came out of heavy political activities in State government, and the State of Pennsylvania is going to have to address the SEPTA problem.

Senator LAUTENBERG. I hope the two Senators from Pennsylvania will read this statement, because they will be very interested.

Mr. CARMICHAEL. The State of California has addressed theirs, and they are buying rights-of-way. They are buying locomotives and they are buying equipment that is Amtrak compatible, with fuel tanks.

Senator LAUTENBERG. We are going to submit several questions to you in writing, and would hope that you would get back to us quickly. Again, if—we have been through this debate before, Mr. Carmichael. I am mystified by the approaches of taking away on one hand and expecting perfection on the other.

You heard me recite the toxic emissions that come out of automobiles and trucks and so forth, and we talked about how, with electrification, we will be able to greatly reduce these emissions in place after place.

RAILROADS AND CLEAN AIR

And if the administration sees railroads as a solution to the clean air problem, which is suggested, why do we again propose a budget for Amtrak that endangers its very existence?

Do you know whether the EPA and OMB are consulted when the administration develops its Amtrak requests?

Mr. CARMICHAEL. Sir, I did not——

Senator LAUTENBERG. Do you know whether EPA, which has responsibility for administering the Clean Air Act, and OMB are consulted when the Amtrak request is formulated?

Mr. CARMICHAEL. My understanding is that the Secretaries are in communication with each other. In the maglev and in terminal planning, we have interagency and intermodal committees working together.

Senator LAUTENBERG. Does the administration take a hard look at the impact of failing to encourage Amtrak to continue to make its system more efficient, grab off more of the passenger market than it has?

Mr. CARMICHAEL. I think that is what our $480 and $150 million worth of capital is doing, Mr. Chairman. It is saying we want to help Amtrak—we want to be a player and we want to help Amtrak reach self-sufficiency.

Senator LAUTENBERG. We will give you $18 million more in capital expenses than you got last year is what the administration is saying. We will take away NECIP, $179 million last year, we will cut your operating subsidy by $160 million, and we want to help you.

MAGLEV

Have you seen maglev, by the way? Have you been——

Mr. CARMICHAEL. Yes, sir; I have ridden it. It is excellent.

Senator LAUTENBERG. Does it strike you as something that could be employed over long distances on a regular routine basis?

Mr. CARMICHAEL. It is a beautiful technology, and the steel wheel technology in France and Germany, too—they are both 21st century high technology.

Senator LAUTENBERG. Are you aware of a model of a system that is operating maglev with daily and hourly operations over long distances?

Mr. CARMICHAEL. There have been quite a few hours accumulated on their system at the test center in Emsland.

Senator LAUTENBERG. How long is that line?

Mr. CARMICHAEL. Bob, what is it, approximately?

Mr. KRICK. It is about 18 to 20 miles.

Mr. CARMICHAEL. 18 miles.

Senator LAUTENBERG. Running how frequently back and forth? Do they achieve high speeds? Do they get that——

Mr. CARMICHAEL. It was up to 220 when I rode on it.

Senator LAUTENBERG. They crank up to 220——

Mr. CARMICHAEL. I was at 220.

Senator LAUTENBERG. In a 20-mile distance or an 18-mile distance? When do they start slowing it down?

Mr. CARMICHAEL. As typical of an electric system, it can slow down comfortably quite quickly, and it gets up to speed at a very rapid rate very comfortably.

Senator LAUTENBERG. We would be very interested in the results of any studies. We are taking a look ourselves. I wonder how much time you save going at the top rate of 220 miles over an 18-mile route, as opposed to going a steady 80 miles.

Mr. CARMICHAEL. The one that you are talking about, the 14-mile segment in Orlando from the airport to International Drive, I think will take about 5 or 6 minutes to run the 14 miles. It will hit somewhere around 200, I believe, at its top speed.

Senator LAUTENBERG. They will save about 7, 8 minutes on that.

Mr. CARMICHAEL. It is a revenue system, but it is a demonstration system, and the indication we are getting is that everybody is pushing to try to get it under way.

Senator LAUTENBERG. Do you know what it would cost to put a maglev system in any long distance?

Mr. CARMICHAEL. They are talking about $600 million for this project, I think.

Senator LAUTENBERG. For how long?

Mr. KRICK. 14 miles.

Mr. CARMICHAEL. 14 miles.

Senator LAUTENBERG. 14 miles, $600 million. Could we make a deal, Mr. Claytor, on something less than that on a per-mile basis, get Amtrak up to pretty good operating speed?

Mr. CLAYTOR. Mr. Chairman, we certainly could do a lot with that kind of money! I also believe that we should explore the maglev technology—but the first thing we have to do is to do something like the Orlando thing, because I do not think that you can possibly justify a long 100-, 200-, 300-mile run until you have run it a short distance on concentrated, commercial right-of-way so that it is running six or eight times a day, every day, 7 days a week. And let us see what wears out, what does not wear out, what we have to do, what changes we have to make before we want to take the long one.

Now, the Orlando-type thing seems to me to be the best possible way to get that information. And until we have it I think you would have to be an awfully long-range gambler before you put your money in a long 100-or-more-mile thing. So I fully support trying to do everything we can to get an anywhere from 15- to 20-mile run where you could run it every day, all day, and find out what is wrong. Because there are bound to be things that will not work when you do that. Find that out, get that settled, and then we are ready to go to the next step.

Senator **LAUTENBERG**. I agree with that. Meanwhile, I do not think we ought to put our eggs in one basket and hope that one day maglev will magically appear on the scene and we will be able to install a system. It will take longer, I think, than my service in this body to be satisfied that we can go ahead with a major maglev project.

But during the 4 years that I have remaining in this term, I would think that we could see some significant accomplishments at Amtrak if we continue to seriously invest, in a way that gives them the tools with which to operate, just as we do with the military operation or other things that this country commits itself to. We have the quality of people to do the job, but we need the tools, and Amtrak needs them.

Mr. **CARMICHAEL**. Mr. Chairman, one quick thing about your comment there. It is interesting to note that all the maglev projects in the United States being considered, and all the high-speed steel projects being considered, start at the Amtrak station and then go out across the country. And several of them are interested in Amtrak being the operator of their systems. So FRA is working hard on a multimodal terminal concept like our Union Station here to start designing that terminal to make these systems intermodal.

SUBMITTED QUESTIONS

Senator **LAUTENBERG**. Thank you very much. We will submit the questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

COST SAVING ASSUMPTIONS FOR AMTRAK

SENATOR LAUTENBERG: Mr. Carmichael, you have heard our discussion with Mr. Claytor. You also sit on the Amtrak Board so you know its financial situation. Your formal statement says that the President's budget request "does not call for any cuts in Amtrak services, route terminations, or reductions in the quality of any Amtrak service."

Your testimony also points out that Amtrak's own stated goal is self-sufficiency from a Federal operating subsidy.

To your knowledge, has Amtrak ever set the goal of cutting that subsidy in half for this coming year?

ANSWER: Amtrak has not set a goal as ambitious as cutting its subsidy in half. This goal is achievable, however, if Congress passes FRA's legislative proposals and if there is agreement among Amtrak, labor, and the States to undertake the productivity and cost sharing measures we have suggested.

SENATOR LAUTENBERG: Secretary Skinner told us last Thursday that your agency is currently undertaking a "self-sufficiency" study on Amtrak.

If your study is still in process, how did you come up with these proposals which you claim are necessary for Amtrak to become self-sufficient?

ANSWER: These proposals are not new. Many have, in fact, been suggested by Amtrak in the past and Amtrak continues to support most of them.

PASSING COSTS ONTO NJT AND SEPTA

SENATOR LAUTENBERG: Mr. Carmichael, when you developed your plan to pass on part of Amtrak's costs to New Jersey Transit and SEPTA, did you consider the impact of your budget proposal in UMTA to eliminate all Federal operating assistance to these agencies?

ANSWER: FRA and UMTA work together on a number of issues affecting Amtrak. We were aware of UMTA's proposal when the Amtrak budget requests were prepared.

SENATOR LAUTENBERG: Based on what you know about the financial situation of both New Jersey Transit and SEPTA, do you think these agencies can really handle both of these hits at once without significant pain?

ANSWER: FRA is well aware of the financial situations faced by New Jersey Transit and SEPTA. At the same time, however, we have to reconcile their situations with the scarcity of Federal funding. It is the Department's position that commuter rail operators should pay their fair share of Northeast Corridor costs and that such payments can be handled within the budgets of these two commuter agencies.

SENATOR LAUTENBERG: Were you aware that SEPTA was already behind in its payments to Amtrak when you developed this proposal?

ANSWER: FRA works with SEPTA in a number of areas, and consequently we are aware that SEPTA is delinquent in its payments to Amtrak. SEPTA's continuing financial difficulties underscore the need for the authority to develop dependable funding sources.

ENERGY SAVINGS OF INTERCITY PASSENGER RAIL SERVICE

SENATOR LAUTENBERG: I noticed that intercity passenger service was only given a passing mention in the President's national energy strategy. The Oak Ridge National Laboratory has demonstrated that automobiles use 50 percent more energy than Amtrak per passenger mile; and the airlines use more than four and a half times as much energy as Amtrak per passenger mile.

What involvement did your agency have in the development of the President's energy policy?

ANSWER: The Department is a member of the working group of the Economic Policy Council, which developed the strategy. The Department participated in about half of the working subgroups, including work on energy-efficient high speed rail and maglev systems.

SENATOR LAUTENBERG: To your knowledge, has the Administration considered the energy saving aspects of Amtrak service when developing your budget?

ANSWER: Yes. Energy savings of Amtrak were considered. The Administration considered Amtrak's low energy consumption per passenger mile as a "plus" which supports our plan to continue to fund Amtrak as it moves to self-sufficiency.

NEC ELECTRIFICATION FUNDING

SENATOR LAUTENBERG: Mr. Carmichael, let's discuss your request for zero for the Northeast Corridor Improvement Program. You know that Amtrak owns the Corridor and must invest tens of millions every year into its maintenance.

Under your proposal to cut operating assistance by 48 percent, do you still maintain that Amtrak has adequate revenue to provide the necessary maintenance on the Corridor?

ANSWER: FRA works closely with Amtrak's engineering and finance officials, and therefore we are familiar with the maintenance requirements of the Northeast Corridor (NEC). Our budget request provides maintenance-of-way funding for the NEC at least equal to that requested by Amtrak, if legislation recommended by FRA is enacted and productivity improvements identified by Amtrak and FRA are implemented.

SENATOR LAUTENBERG: How do you view the electrification project that we started last year?

ANSWER: FRA believes that high speed rail service between Boston and New York City, including electrification of the Boston-New Haven segment, would significantly improve intercity transportation in this corridor. However, we do not yet know the full cost of improvements and the most cost-effective steps that should be taken. At the present time, we are conducting a study of the corridor in order that these questions can be answered.

SENATOR LAUTENBERG: The electrification project for the North End of the Northeast Corridor has been on the drawing boards in your own agency for many years. What do you expect your agency's new study to reveal that we do not already know about the potential for the Corridor?

ANSWER: This study is not restricted to electrification. Its objectives are to provide a comprehensive picture of steps needed to improve rail service in this Corridor, a set of reliable engineering estimates of the costs of the various improvements in both Amtrak and commuter territory, and a logical sequence for undertaking each of the major projects. Of particular importance are steps to increase speeds over the 52-mile segment of commuter railroad between New Haven and New Rochelle which is already electrified, but only achieves a 45-mile per hour average speed.

SENATOR LAUTENBERG: When do you expect the study to be finalized?

ANSWER: The study will be completed this summer.

SENATOR LAUTENBERG: Despite the fact that you have requested zero for the program, does your agency have any differences of opinion regarding its own electrification plans?

ANSWER: NEC project planning is Amtrak's responsibility, and FRA will not be developing new electrification plans. We are working with Amtrak to coordinate past design work with current planning, and we have provided Amtrak all electrification plans previously developed under the Northeast Corridor Improvement Project.

SENATOR LAUTENBERG: Do you disagree with Amtrak on any aspect of the design of the project?

ANSWER: Amtrak and FRA are in agreement on the approach to the design. FRA has provided Amtrak with a complete set of all plans, specific actions and designs completed under the original Northeast Corridor Improvement Project. It is our understanding that Amtrak will make these documents available to all bidders in the turnkey approach they are pursuing.

SENATOR LAUTENBERG: Do we need to worry about a slowdown in the project due to disagreements between your agency and Amtrak?

ANSWER: No. FRA and Amtrak are in agreement on the approach on the segments of the railroad controlled by Amtrak. We are working with Amtrak and the commuter authorities on the segments controlled by the commuters. We have also developed procedures for reaching agreements on major issues facing the project. These efforts have worked at New Haven and Stamford, and we are making progress at New Rochelle.

DELAYING OBLIGATIONS FOR AMTRAK CAPITAL

SENATOR LAUTENBERG: Mr. Carmichael, your budget requests an $18 million increase for Amtrak's capital account. You have also asked for bill language delaying the obligation of all funds in the capital account until the last quarter of the fiscal year.

Why have you requested that language?

ANSWER: The Department does not obligate capital funds until Amtrak informs FRA of the need for a specific amount of appropriated funds for the next quarter to meet anticipated expenditures. We do not expect that the requested capital funds will be expended before the end of the third quarter.

SENATOR LAUTENBERG: Do you have information that indicates that Amtrak cannot or should not expend any capital funds next year until the end of the fiscal year?

ANSWER: We discussed the provision with Amtrak management before submitting this budget request.

TRUMP SHUTTLE AS OFFICIAL GOVERNMENT CARRIER BETWEEN WASHINGTON-NEW YORK CITY

SENATOR LAUTENBERG: The General Services Administration has named the Trump Shuttle as the designated official carrier for U.S. Government employees travelling between Washington and New York.

Did the FRA have any input into this GSA decision?

ANSWER: No. FRA did not have any input into this decision. Before the awards were made, however, FRA did discuss the issue with GSA top management to urge them to give more favorable consideration to Amtrak in their route awards. However, it is our understanding that GSA did not change its procedures for carrier selection from those that had been in effect the previous year. Amtrak actually got contracts for four fewer routes than last time.

SENATOR LAUTENBERG: Given everything you have said in your formal testimony regarding our efforts to minimize congestion and clean up the air, what are your views on the GSA decision?

ANSWER: We are not very happy about the end result. In particular, on the Northeast Corridor where the Express Metroliners are the business travelers' first choice for travel between Washington and Manhattan, Amtrak did not get the contract despite lower fares and very competitive service.

SENATOR LAUTENBERG: Have you communicated with the GSA at all about this decision?

ANSWER: In our recent report to Congress, on which we collaborated with GSA, we recommended that GSA evaluate two actions to increase competitiveness in the Federal travel market. One was to split the Washington-New York market into two markets: (1) Washington-Manhattan and (2) Washington-Non-Manhattan. The second was to allow greater flexibility in trading off lower ticket prices for longer trip times, where the trip time of Amtrak is still competitive. GSA has agreed to evaluate these proposals.

MAXIMUM TRACK SPEED INCREASE

SENATOR LAUTENBERG: I understand that currently, the maximum speed you allow over any track in the U.S. is 105 mph. Indeed, Amtrak must request a waiver from your standards in order to run at 125 mph over the Northeast Corridor. What efforts are you making to raise your maximum speed standard for that track where it is safe to do so?

ANSWER: The maximum speed allowed is 110 mph. The FRA has assembled a High Speed Rail Safety Task Force using the resources of FRA and the Volpe National Transportation Systems Center (VNTSC). This task force is investigating all aspects of high speed operation, be it maglev or steel-on-steel systems, to determine which existing regulations should not apply, which regulations need to be modified and where whole new regulations may be needed to accommodate these advanced systems. The team is looking at the problem from a system perspective, that is, not just track standards alone need to be considered .

Signalling and train control and other factors must also be factored in to the equation.

SENATOR LAUTENBERG: Do you take exception with Amtrak's observation that the South End of the Northeast Corridor can safely handle speeds well in excess of 125 mph?

ANSWER: The FRA has not yet made a determination on that specific point but it will certainly be explored in the context of our overall studies of high speed systems.

RELIANCE ON STATE INSPECTORS/NEW JERSEY HAS NONE

SENATOR LAUTENBERG: Mr. Carmichael, as part of your efforts to improve your inspection program, you have stated that your agency will depend more heavily on state inspectors, especially for hazardous materials inspections. New Jersey is one of the eighteen states that does not have an organized state inspection program, and depends solely on the efforts of your federal inspectors. What will be the impact of your policy on those eighteen states that do not have state inspectors? Will your federal inspectors visit those states with even less frequency?

ANSWER: New Jersey is among the states that participate in the railroad safety program. New Jersey has two track inspectors.

It is not FRA's intention to burden the states by transferring FRA responsibilities to state agencies. Rather, we wish to work in partnership with participating states, so that our efforts are effectively coordinated and make the optimum contribution to safety in that state.

SENATOR LAUTENBERG: Is it your agency's view that all states should have their own state inspection force?

ANSWER: Although FRA welcomes state participation, it is entirely within the province of state authorities to determine whether they will operate a state safety program. Because the regulation of interstate commerce is fundamentally a Federal responsibility, and because railroads operate across state lines, it will always be necessary to have a Federal inspection force.

SENATOR LAUTENBERG: Do you now conduct more federal inspections in those states that do not have a state inspection force in order to ensure the same degree of safety in all states?

ANSWER: Certainly the extent of state participation affects the size and deployment of the Federal inspection force. In general, FRA endeavors to adjust its forces so that railroad safety inspection activity is conducted at a uniform level in relation to need across the nation. However, this equalization of effort is not, and will not become, perfect.

For instance, some states will not participate in the railroad safety program if the effect is to result in a reduction of Federal inspection effort. These states wish to use their resources to supplement and enhance the level of inspection activity within their boundaries. Within reasonable limits, FRA will accommodate this desire.

In other cases, states wish to displace FRA inspection activity. FRA will negotiate allocation of territories for routine inspection activity within the state, so as to use state and Federal personnel to the greatest advantage. However, FRA always reserves the right to conduct additional and special inspections as necessary to address identified safety concerns.

SENATOR LAUTENBERG: We understand that in some States specific territories will be assigned to FRA-certified State inspectors and different territories to FRA's inspectors. Is this correct? How will FRA monitor the quality of work of the FRA-certified State inspectors if they do not do any overlapping inspections?

ANSWER: All participating state inspectors are qualified under standards prescribed by FRA regulations. Where territories are assigned to state personnel, FRA supervisory inspectors work with state supervisors to ensure the quality of the inspection process. This is verified through occasional joint inspections, special FRA inspections (either undertaken as follow-up or for different purposes) and review of inspection and violation reports filed.

SENATOR LAUTENBERG: For each of the FRA regions, please list separately the number of times joint Federal and State inspections occurred during 1990.

ANSWER: FRA and State inspection personnel periodically work jointly on routine inspections, assessments and accident investigations. We do not, however, maintain records indicating the frequency of these joint safety compliance activities.

SENATOR LAUTENBERG: What steps is FRA taking to improve Federal/State cooperation affecting railroad safety? What problem areas remain?

ANSWER: FRA is meeting on a regular basis with a committee representing the 31 participating states to work out issues of coordination and to enhance communication. FRA continues to fund training of state inspectors.

There are certain issues that remain a source of concern among some of the states that cannot be resolved to the satisfaction of state agencies. For instance, it is not possible to delegate authority for enforcement of civil penalties (except as provided by law) and ensure uniform application of national standards. However, we have invited state personnel to join FRA safety personnel in attending civil penalty settlement conferences conducted by FRA's Office of Chief Counsel.

SENATOR LAUTENBERG: Please discuss by discipline, the number of inspectors, frequency of inspection and any vacancies and length of these vacancies for the FRA field force serving New Jersey and West Virginia.

ANSWER: The most effective way to present the requested data is with the following table (numbers in parentheses refer to state employees):

Discipline	No. of Inspectors	Frequency of Inspections (No. per yrs.)	Number of Vacancies	Vacant Since
State of New Jersey				
Motive Power and Equipment	2 (0)	336	2	11-9-90 1-11-91
Operating Practices and Hazardous Materials	4 (0)	362	0	
Signal and Train Control	1 (0)	89	1	12-30-90
Track	2 (1)	393	0	
State of West Virginia				
Motive Power and Equipment	2 (3)	1,023	0	
Operating Practices and Hazardous Materials	2 (1)	511	0	
Signal and Train Control	0 (0)	71	0	
Track	1 (2)	652	0	

It is expected that the three vacancies in the Newark office will be filled within the next few weeks. In West Virginia, the Signal and Train Control inspections are conducted by inspectors from outside that state. Inspectors from the Philadelphia office conduct inspections in New Jersey.

RAIL SAFETY INSPECTORS

SENATOR LAUTENBERG: During the last few years, the Committee has supported a substantial increase in the number of FRA inspectors. How have the manpower resources for management of this program increased at FRA headquarters during each of the last five years? Please assess FRA's capability of effectively managing its field safety program from headquarters in view of the growth of FRA's field staff.

ANSWER: In the past, we have utilized the field staff to supplement headquarters resources for special assignments rather than hiring staff for one time temporary projects, and we will continue this policy in the future as warranted. However, due to the complexity of issues, GAO audit recommendations, and new responsibilities brought on by the enactment of user fee legislation and the Sanitary Food Transportation and Hazardous Materials Transportation Uniform Safety Acts of 1990, we are now filling headquarters vacancies and have requested four new positions in our FY 1992 budget submission. After filling the current vacancies and with the positions in our FY 1992 budget request, we will be better prepared to provide guidance to the field. However, we will continue to review staffing requirements on an annual basis.

SENATOR LAUTENBERG: How will FRA's new National Inspection Plan differ from previous editions of the plan? When will it be issued?

ANSWER: In past years, the National Inspection Plan (NIP) was an aggregation of eight regional inspection plans showing the number of inspections to be conducted in each inspection discipline (track, motive powers and equipment, hazardous materials, signal and train control, and operating practices) within each region. FRA relied heavily on the individual inspector's knowledge of his/her territory to set inspection priorities.

The new NIP involves establishing a national inspection plan for each discipline based upon uniform measures of risk. Inspection hours will be allocated by inspection discipline to each railroad within each State, based on the relative risk each railroad represents. To develop adequate measures of risk, FRA has been gathering regional inspection point data and listing every inspection point throughout the Nation. This inspection point data is being combined with the other risk factors into a computer model. This model will be tested this year and our first published new NIP will be for calendar year 1992. The additional inspection point data now available is being utilized to better direct our inspection activities in 1991. The current inspection point listings will be further enhanced with specific volume of activity information for every inspection point. This additional data to improve the NIP model is expected to take another year to gather and will be incorporated into the 1993 NIP.

SENATOR LAUTENBERG: Does FRA rotate inspectors to different locations to ensure that they maintain their independence from railroad personnel? If not, why not?

ANSWER: FRA does not subscribe to a policy of rotating inspectors in order to avoid development of conflict of interest relationships with railroad personnel simply because the necessity to invoke such a practice has never been recognized. FRA does have a policy of not permitting a new inspector to monitor the safety activities of carriers by which they were previously employed, for at least two years following commencement of his or her agency service. The actual fact is that the territories assigned to inspectors are sufficiently large that the frequent personal contacts that are an essential factor in the development of an undesirable relationship simply do not occur. Additionally, turnover of industry personnel would discourage the growth of familiarity. Regional management staffs are particularly sensitive to the harm that a genuine conflict of interest incident could do to FRA credibility and take pains to assure that subordinates are aware of agency policy. It is true that field staff are transferred from time to time, but this is almost invariably in response to a change in local requirements, i.e., railroad traffic patterns shift, a large facility closes, etc. Indeed, FRA believes that it would be counterproductive to rotate personnel for the reason suggested because the efficiency of the individual inspector constantly improves as he or she comes to understand the characteristics of assigned territories.

SENATOR LAUTENBERG: What progress has been made on the FRA inspector trainee program approved in last year's Appropriation Act? How many trainees are now "on board" working for FRA? In view of the minimal progress that has been made in starting the FY 1991 trainee program, and the fact that you have no data on its acceptance, why are you asking for funds to hire another 12 trainees?

ANSWER: FRA has been actively involved in college recruiting (as well as other avenues of recruitment) in order to fill these twelve trainee inspector positions. FRA college recruitment teams have visited numerous job fairs hosted by various universities within the past six months. To date, three trainees have been hired. Two of these trainees have reported for duty while the third is due to report on April 8, 1991. FRA is continuing to review applications and conduct interviews with prospective trainees. In this regard, FRA's Office of Safety recently submitted to the Office of Personnel the names of 11 of the most qualified candidates for a determination to be made of their continued interest. Interviews will be requested of those candidates who still express an interest in the program. Although the implementation of the trainee program has been slower than originally anticipated, FRA expects to have commitments for all 12 trainees by the end of April. Given that FRA's recruitment efforts have been ongoing, FRA has established working relationships with the career placement offices of selected colleges and universities. Through this process, FRA has already identified many qualified individuals for consideration who will be available in 1992. Therefore, with the appropriate funding, FRA is confident that the trainees requested for FY 1992 will be on board early in the year.

SENATOR LAUTENBERG: The Committee understands that FRA has had difficulty hiring top quality inspectors from industry, partly because FRA is either unable or unwilling to provide competitive salaries. Is it correct that FRA will usually only offer a GS-12 step 1 for inspectors coming out of industry? Of those inspectors hired during FY 1990, please list the starting grade level and steps. Does FRA face any constraints in hiring at higher levels above the GS-12 step 1 position?

Answer: FRA has no shortage of qualified applicants from which to hire Safety Inspectors. Currently, FRA has approximately 1,000 applications on file to be considered for Safety Inspector positions. All of these applicants have been rated as qualified by Safety Specialists using Qualification Standards established by the Office of Personnel Management (OPM) and FRA's Office of Safety. Given that FRA is only authorized a ceiling of 361 Safety Inspectors, and FRA's attrition rate averages between 5 and 10 percent a year, a pool of 1,000 qualified applicants is more than sufficient to meet our needs. OPM regulations allow FRA to hire new GS-12 Safety Inspectors at steps higher than Step 1. Under certain circumstances, candidates with superior qualifications may be appointed at a higher step in their grade where a special need exists. However, it is the long standing policy of FRA to hire GS-12 Safety Inspectors at the Step 1 level only. All of the inspectors hired in FY 1990, who were new to Federal service, were hired at the GS-12 step 1. If FRA were to change this policy, it would give preferential treatment to newly hired inspectors at the expense of previously hired inspectors. Further, although it is understood that many inspectors take pay cuts when joining federal service (as do most other public servants), this has not been a major factor in hiring new inspectors as evidenced by the 1,000 qualified applicants on file with FRA's Office of Personnel.

RAILROAD RESPONSE TO INSPECTORS' FINDINGS

SENATOR LAUTENBERG: Among the many criticisms that your agency has received from the GAO was your failure to establish a program to ensure that railroads take corrective actions once your inspectors find deficiencies. Have you established a formalized system to ensure that railroads actually take measures to respond to the findings of your own safety inspectors?

ANSWER: FRA's role is to allocate its limited inspector resources through a strategic and scientific inspection process to monitor the railroads, shippers, and individual railroad employees for compliance with Federal railroad safety regulations. It is a misallocation of limited resources to try to follow up on every defect uncovered. FRA has established guidelines for followup inspections for track inspectors and for signal and train control inspectors. Establishing a similar reporting process for the other inspection disciplines (hazardous materials, operating practices, and motive power and equipment) would prove to be impossible to enforce.

With the development of the Quality Improvement Program (QIP), Regional Inspection Points (RIP), the National Inspection Plan (NIP), and the Staffing Allocation Model (SAM), FRA will have the tools to implement a comprehensive plan for managing our safety resources.

The new NIP will be a scientific allocation of inspectors' time to locations of greatest risk for each of FRA's five disciplines. Headquarters will tell field operations how many inspection hours should be allocated to a railroad in each state by each inspector discipline based on model projections. Some of the factors used to reach our allocation decisions are defects found, volume of activity, accidents, and casualties.

The QIP data, showing actual accomplishments of the inspectors will be compared against planned NIP objectives.

The RIP model is still in the developmental stage, but when completed will contain inspection site data and activity such as volume of hazardous materials shipped by shippers/consignees, passenger traffic routes and volume, track-miles, and location and size of repair shops.

The SAM will use data from the three programs above and monitoring level decisions to help quantify the number of inspectors needed and where they should be stationed.

INSPECTOR WORK SCHEDULES

SENATOR LAUTENBERG: Under what conditions, circumstances and frequency do Regional Directors allow FRA inspectors to change their work schedules to inspect rail and shipping operations at different times of the day? Please cite the policies for each of the eight RDs.

ANSWER: The FRA has adjusted inspectors' tours of duty to include evening and night shifts, as necessary, and overtime has been authorized to increase coverage during times of heavy workload.

SENATOR LAUTENBERG: What progress has FRA had in responding to the Committee's suggestions on this issue that were presented in S. Rept. 101-398?

ANSWER: The FRA is developing proposals for an Alternative Work Schedule as a pilot project in the Office of Safety's field locations. Implementation is planned by the beginning of FY 1992.

FINAL REGULATIONS FROM THE RAIL SAFETY ACT

SENATOR LAUTENBERG: Mr. Carmichael, we are coming up to the third anniversary of the Rail Safety Act, and we are still waiting for final regulations in some very critical areas, such as for grade crossings, event recorders, and the certification of locomotive engineers. When can we expect these final regulations to come out, and what has been the cause of the delay? Where do those three regulations sit currently? Are they in your office, in OST, or in OMB? How long have they been there?

ANSWER: The Rail Safety Improvement Act of 1988 (RSIA) imposed an unprecedented regulatory workload on FRA. The sheer magnitude of that workload, coupled with the limited resources available at FRA to address the many issues, meant that not all the statutory deadlines could be met. Nevertheless, FRA has achieved significant progress by issuing final rules:

- extending the civil penalty provisions of its safety regulations to individuals and increasing the maximum penalty from $2,500 to $10,000 (and under some circumstances to $20,000) (July 28, 1988);
- requiring pre-trip certification of automatic train control (ATC), train stop, and cab signal tests (September 26, 1988);
- requiring ATC on the Northeast Corridor and the Atlantic City line (amended orders issued October 5, 1988);
- revising its penalty schedules for violations of particular regulations (December 29, 1988) (at the same time issuing a final statement of agency policy on enforcement of the railroad safety laws);
- prohibiting willful tampering with safety devices (February 3, 1989);
- revising regulations implementing the older safety laws to reflect FRA jurisdiction over "railroads" (August 14, 1989);
- establishing protection procedures for on-track vehicles in which rest is provided for maintenance-of-way workers (September 27, 1989);
- establishing procedures for disqualification proceedings for determining the fitness of individuals who have violated FRA safety rules to perform safety-sensitive functions (October 18, 1989); and
- providing for the submission of employee statements on accident causation (September 13, 1990).

In addition, FRA has:

- prepared a report on dispatcher training and provided copies to Congress on July 6, 1990; and

- issued "clean, safe, and sanitary" guidelines relating to sleeping quarters provided for maintenance-of-way employees (July 27, 1990).

Finally, with respect to pending RSIA matters, FRA has:

- issued a notice of proposed rulemaking regarding the certification of locomotive engineers (December 11, 1989); the draft final rule has been reviewed throughout OST (to which it was submitted December 31, 1990), is undergoing editing in FRA, and will be submitted to OMB shortly; publication of the final rule should occur no later than May 1991;
- issued an advance notice of proposed rulemaking regarding regulations on event recorders on trains (November 23, 1988); a draft NPRM was submitted to OST December 31, 1990; a redraft is being prepared at this time; a final rule may be published by the end of 1991;
- issued a notice of proposed rulemaking relating to the maintenance of train-activated signal systems and devices at highway grade crossings (September 20, 1990); a final rule has been drafted and submitted to OST; publication of the final rule is expected by the end of May; FRA intends to prepare a supplemental NPRM this year proposing substantive requirements; and
- issued a notice of proposed rulemaking relating to the safety of rail workers on bridges (January 30, 1991); a hearing is scheduled for May 1, 1991; a final rule should be published by the end of 1991.

GAO REPORTS

SENATOR LAUTENBERG: GAO has recently issued several critical reports regarding FRA's safety activities. Please summarize FRA's responses to these reports and detail those areas that FRA did not agree with and discuss the reasons for this disagreement.

ANSWER: **April 1989: FRA Needs to Correct Deficiencies in Reporting Injuries and Accidents.** This report revealed underreporting of accidents, injuries, property damage, and lost workdays on portions of three major railroads. In response to GAO criticisms, the following actions were taken:

(a) Operating Practices inspectors have increased the amount of time spent reviewing railroads' accident reporting records.

(b) The records of the same seven railroads and divisions reviewed by GAO have been inspected and the results compared with GAO's earlier findings. These railroads have improved their internal control procedures and their accident/incident reporting. Similar divisions on other railroads will also be reviewed and the railroads' internal control procedures for reporting to the FRA will be analyzed.

(c) An ANPRM hearing was held on May 17, 1990 to review and receive suggestions about enhanced reporting techniques and to improve the accident/incident system. FRA will use the results of our review of the railroads' internal control procedures to determine how to best pursue this rulemaking.

November 1989: DOT Should Better Manage Its Hazardous Materials Inspection Program. This report addresses the adequacy of the FRA's hazardous materials inspection program. In response to GAO criticisms, the following actions were taken:

(a) FRA has increased its safety inspector workforce. We now have 39 Hazardous Materials inspectors on-board, an increase of 7 since the GAO audit.

(b) A training and communications director was hired to design training programs for new and current inspectors.

(c) In January 1991, FRA initiated a revised approach to target high-risk shippers. An amendment was made to the Hazardous Materials Enforcement Manual calling for spending 60 percent of hazardous materials inspectors inspection time on shippers.

(d) The Hazardous Materials Enforcement Manual was updated and issued to inspectors in February 1991.

(e) January 30 through February 8, 1991 in Penns Grove, New Jersey, a course in the basics of hazardous materials inspection was given to 24 inspectors.

(f) The Hazardous Materials Transportation Uniform Safety Act of 1990 authorized state inspectors to work in the hazardous materials discipline. State safety participation regulations are being revised to incorporate this new responsibility.

July 1990: New Approach Needed for Effective FRA Safety Inspection Program. This report found that FRA: (1) lacks inspection coverage standards for its rail safety inspections; (2) does not target its inspections based on available accident data; (3) does not perform effective followup on its inspections; and (4) does not uniformly apply the safety regulations. In response to GAO criticisms the following actions were taken:

(a) The requisite data to develop minimum inspection coverage standards is being gathered. Full development of the data systems needed for coverage standards may take up to two years. However, FRA is working toward that goal while making incremental improvements.

(b) The Regional Inspection Points (RIP) program is a key element in developing coverage standards. Under this program the regions have supplied to Headquarters a listing of inspection points by State in each region. Some inspection disciplines may not be able to include the volume of activity at each inspection point until next year. Attempting to gather the data in a shorter period of time would severely compromise our ongoing inspection/monitoring efforts.

(c) The Quality Improvement Program (QIP), which is a sophisticated relational data base that defines and codes all inspector activities, was implemented over a year ago. This work measurement system is invaluable in developing coverage standards.

(d) Major changes are being made to the National Inspection Plan (NIP) through which inspection resources are allocated. Written guidance will be prepared on what is expected from each inspector.

(e) FRA has changed its approach from conducting full scale system assessments to conducting limited assessments of the larger railroads with the focus on their procedures and systems to ensure safety. Problem areas will be targeted.

(f) Enforcement manuals for all disciplines are being revised and are scheduled to be completed during 1991.

November 1990: FRA's Staffing Model Cannot Estimate Inspectors Needed for Safety Mission. This report concluded that FRA does not know how many inspectors it needs to adequately cover the railroad industry because it has not fully developed inspector staffing standards for its inspector workforce. In response to GAO criticisms, the following actions were taken:

(a) The Staffing Allocation Model is being revised to incorporate the data generated from QIP, NIP, and RIP programs to help quantify the number of inspectors needed and where they should be stationed.

December 1990: Financial Management. Internal Control Weaknesses in FRA's Civil Penalty Program. GAO's criticisms and FRA's response follow:

(a) A handwritten log of civil penalty settlements kept by an Office of Chief Counsel secretary for her convenience was discontinued.

FRA response: Because that log duplicated other official documents, and because its maintenance was time-consuming, the secretary independently discontinued its use.

(b) Enforcement case files do not include all correspondence.

FRA response: Non-substantive acknowledgement letters are kept separately by the responsible attorneys to avoid time-consuming filing.

(c) Civil penalty payment checks occasionally arrive before an account receivable has been established.

FRA response: This occurs most commonly when a respondent pays a penalty without prior notice to FRA and results in no financial loss to the government. This problem has been cured by the establishment of memorandum general ledger accounts at the time proposed penalties are initially assessed.

(d) Civil penalty checks are occasionally deposited late.

FRA response: This sometimes happened because of misdirected checks, despite FRA procedures requiring prompt delivery. Improved procedures have solved the problem. During 1990, of 37 misdirected checks, 35 were delivered to the accounting office the same day received, and two on the next business day (next-day delivery being a sometimes unavoidable result of late-delivered mail). Other causes of late deposits are also being addressed.

(e) Interest and late charges should be collected.

FRA response: GAO was incorrect with respect to 80 percent of the dollars questioned; however, the respective roles of FRA's legal and accounting offices on overdue payments have been clarified. The latter is now assessing late charges as appropriate.

(f) A backlog of untransmitted violation reports built up in FRA's Office of Chief Counsel in the late 1980's and that office failed to meet its own internal goals for settling civil penalty cases in 1988 and 1989.

FRA response: Our settlement goals are set ambitiously as a spur to FRA staff; however, the 1988 and 1989 goals became unattainable when the Rail Safety Improvement Act of 1988 caused a dramatic increase in our safety regulatory workload. Great progress has been made on settlements. In fact, during FY 1990 FRA collected a total of $8.4 million, the second highest total in its history.

The backlog of violation reports developed during the 1980's when incoming reports quadrupled. FRA has responded by automating the enforcement process, by increasing staff attorneys from seven to eleven, and by planning for additional positions.

These measures have resulted in remarkable improvement. During FY 1990, FRA assessed civil penalties totalling $18.9 million (compared to the 1980's annual average of $5 million). Moreover, during FY 1990, FRA collected a total of $8.4 million, the highest total during the past ten years. This total includes $3.3 million collected for violations of the Hazardous Materials Transportation

Act, the one common statute enforced by DOT agencies. To put that achievement in perspective, the Department as a whole, including FRA, had never before collected as much as $2 million in any one year. This progress has continued into this year: during the first quarter of FY 1991 alone, FRA assessed a total of $13.3 million in civil penalties. FRA has now liquidated its backlog of pending hazardous materials violation reports.

FRA AUTHORITY TO DISQUALIFY RAIL EMPLOYEES.

SENATOR LAUTENBERG: Mr. Carmichael, I see that for the first time, you are using the authority granted to you in the Rail Safety Act to disqualify certain employees with poor safety records from the railroad industry. Why has it taken so long for FRA to utilize this procedure? Do you really feel that there has been only one case over the last three years that merits this procedure?

ANSWER: To exercise the power to disqualify persons whose violations of the rail safety laws render them unfit to perform safety-sensitive functions, FRA had to adopt implementing procedural regulations to afford due process and to devise internal approaches for determining when this is an appropriate enforcement tool. Just one of the many regulatory initiatives arising from the Rail Safety Improvement Act of 1988, these regulations became effective on November 17, 1989. Once the rule was issued, FRA expended considerable effort in educating both FRA staff and members of the regulated community about the nature and scope of this new enforcement tool and how FRA would integrate selection of that remedy into its overall program for ensuring compliance with the safety laws. Only in early 1990, after completing these tasks, did FRA begin to routinely evaluate incidents of noncompliance by individuals to see if the conduct warranted invoking our disqualification authority.

Since that time, the FRA staff has examined more than a dozen incidents involving serious noncompliance that might have warranted such response. After reviewing all the information in these incidents, FRA has pursued and closed one such case and has issued another Notice of Proposed Disqualification. There is no fixed number as to the "right" number of annual disqualification actions, but we would not be surprised to learn that in the first year of implementing the law, FRA's field force did not bring to management's attention an additional case or two that might have sustained a disqualification action had one been brought. FRA's inspectors are understandably cautious, especially while learning to use this new tool, about bringing actions that may have a devastating effect on an individual's life.

SENATOR LAUTENBERG: I would like to get your views on the situation regarding the engineer in the Night Owl crash. It is my understanding that despite the fact that the engineer was barred from operating over the Metro North system, he served as an instructor on Amtrak trains and was also hired by Conrail. In your view, how easy is it for an engineer that has been barred from operating over one railroad to be hired by one or even two other railroads? Do all railroads have easy access to the safety records of individual railroad employees? Do they utilize this information in their hiring practices?

ANSWER: Investigation into the Amtrak accident of December 12, 1990, referred to as the "Night Owl" crash, indicates that the senior locomotive engineer had an unusual employment history. The engineer had worked for the New Haven, Penn Central, Conrail and Amtrak. These employment experiences were the result of mergers (New Haven-Penn Central) or statutorily created employment opportunities (Penn Central-Conrail) that were not marked by traditional employment or hiring decisions. He was involved in a series of incidents involving noncompliance with railroad operating rules--e.g., allowing an engine to idle too long during a railroad's program to conserve fuel and operating a locomotive over a derail installed to prevent operation beyond an interlocking facility--that resulted in his loss of employment as a locomotive engineer.

At present, each railroad has its own policy for determining whether to hire or retain a locomotive engineer who has been barred from operating trains by another railroad. In making its hiring and retention determination, a railroad would be influenced by the particular facts that prompted a railroad to issue such an operational bar. Since railroads have wide discretion in whether to issue such bars, it is not possible to provide an accurate assessment of how difficult it would be for a barred engineer to be hired by another railroad. Among the major railroads (Class I, commuter), which employ approximately 80 percent of all rail workers, it is rare for an employee of one railroad to seek employment with another. Small and mid-sized railroads, which do experience more employee transfers, have expressed some difficulty in obtaining information. The degree to which the available data are used is difficult to ascertain because each railroad has its own policy for determining whether to hire a person with an adverse safety record. Again, when making its hiring determination a railroad would be influenced by the unique facts that existed in a particular case. Using the facts from the senior engineer's record just described, we would expect many railroads to be tolerant of the fuel conservation incident but very concerned about the facts of the derail incident.

SENATOR LAUTENBERG: Do you expect to utilize to a greater degree your authority to bar individuals from the railroad industry?

ANSWER: Use of both new enforcement tools against individuals, disqualification and civil penalties, is very much fact specific. Since disqualification can be a time consuming process, we would expect to use it in particularly aggravated situations. Other sanctions, such as civil penalties, are more often appropriate. Moreover, of the incidents we have reviewed thus far, about a third involved misconduct by locomotive engineers that in the future will eliminate the person's eligibility for certification as a locomotive engineer, thus obviating the need to eonsider a disqualification proceeding.

SENATOR LAUTENBERG: The 1988 Act also granted the FRA authority to bring enforcement actions against individual railroad employees. However, it is my understanding that you hardly ever have utilized this procedure. Why is that? Please discuss why FRA inspectors have been so reluctant to bring enforcement actions against individual railroad employees. Are FRA employees hesitant to pursue such actions for fear of civil suits against them or perhaps even personal attacks?

ANSWER: Actually, FRA is making fruitful use of its new authority to enforce against individuals. Fourteen violation reports have been submitted (resulting in two civil penalty cases, two disqualification cases, and seven Chief Counsel warnings) and a much larger number of Regional Director warning notices have been issued. Reports from the field indicate that knowledge among railroad employees that some civil penalties are being collected and some disqualifications are occurring is making FRA's warning letters highly effective.

Some inspectors may be reluctant to use this new power, as might be expected given its novelty and direct effect on individuals, but we are working hard to ensure that the power is used appropriately to achieve rail safety objectives. We believe we have allayed our inspectors' fears of civil suits against them and, as to personal attacks, we proposed in legislation submitted to the last Congress to make such attacks a Federal crime and will likely make the same proposal to this Congress.

SENATOR LAUTENBERG: FRA is long overdue on the issuance of regulations that would establish a program for licensing or certification of operators of locomotives. How will the final regulations require consideration of the applicant's motor vehicle driving record? Will a "bad" driving record be sufficient grounds to prevent an applicant from being licensed or certified?

ANSWER: FRA's final rule concerning the certification of locomotive engineers is being reviewed within the Department. It does directly address the issue of how to respond to instances in which a certification applicant has a "bad" driving record. As soon as the final rule has been cleared for release, FRA will provide a more detailed response to this question.

GRADE CROSSING ACCIDENTS

SENATOR LAUTENBERG: Mr. Carmichael, we have noted that grade crossing accidents experienced an increase last year. This Committee provided additional funds to your agency to do some work in this area. What can you report to us on your progress?

ANSWER: A meeting was held in November 1990, with members of the Association of American Railroads (AAR), Urban Mass Transportation Administration (UMTA), Federal Railroad Administration (FRA), Federal Highway Administration (FHWA) and National Highway Traffic Safety Administration (NHTSA) to discuss previous research done by the FHWA and others over the past several years. A list of possible research topics has been developed and prioritized, the literature search needed to help develop project requirements is underway and contract work statements are being developed. Prioritized topics include highway user education and understanding, defining trespasser characteristics, and additional demonstration projects for Four Quad gates and active advanced warning signs. Another proposal that has been discussed, and being considered, concerns possible loss of the signal which triggers automatic gate activation. Further meetings on this are planned.

SENATOR LAUTENBERG: The report language specifically directed you to coordinate your efforts with other DOT agencies to address this problem. Please describe the current level of coordination and what you plan to do in concert with these other agencies to address this problem.

ANSWER: Following the meeting in November 1990, the interagency coordinating committee that had existed previously was reestablished. Representatives from FRA, FHWA, NHTSA, and UMTA meet as necessary and will approve the statements of work for all research projects. Our research will also be coordinated with the AAR.

SENATOR LAUTENBERG: Mr. Carmichael, I have been told that one of the reasons for the rise in grade crossing accidents is that a greater number of individuals are just choosing to drive around the safety gates rather than wait for the train to pass. It is my understanding that in Sweden, grade crossings have been constructed that are virtually impossible to drive through. Have you looked into this new design and considered it for grade crossings in the United States?

ANSWER: The design you are referring to is called a Four Quad gate, where crossing gates come down on both sides of the road, not just in the direction of travel, blocking the entire crossing. Such a design has been installed here in the U.S., and a study done by the University of Tennessee has analyzed its use and developed criteria for its installation. Obviously, this installation is approximately twice as expensive as standard crossing gates, and the maintenance costs are proportionally higher. Our R&D funds may be used to support a continuation of the demonstration project to refine the criteria governing their use.

SENATOR LAUTENBERG: How is FRA working with NHTSA to encourage more State troopers to be placed on locomotives on a regular basis to observe and ticket motorists who violate highway safety laws at grade crossings? Please describe how this coordinated effort is being pursued and what level of funding each agency is expending. How could NHTSA play an increased role in helping FRA reduce the frequency of accidents that occur at grade crossings?

ANSWER: NHTSA and FRA do work together on highway-rail crossing programs. Data is exchanged regarding casualties, impairment and speed and weight of vehicles involved in highway-rail crossing accidents. The FRA joined with NHTSA and FHWA in sponsoring the Traffic Safety Summit in Chicago in April 1990 which brought together the nation's senior traffic law enforcement officers to address traffic safety issues, including highway-rail crossing safety. UTMA and FHWA have subsequently joined with FRA in sponsoring an upcoming series to be televised on the Law Enforcement Television Network (LETN) which will address the potential of strong and innovative enforcement of crossing safety laws. Also, in 1990, a NHTSA representative joined the Operation Lifesaver Program Development Council, the state, industry and Federal body which advises and guides the direction of Operation Lifesaver, Inc. The FRA will continue to work with NHTSA to explore other opportunities.

SENATOR LAUTENBERG: What is FRA's assessment of the experiment being conducted by the State of Texas with an "800" number that motorists can call when observing malfunctioning grade crossing devices?

ANSWER: The Texas 1-800 number call-in program is no longer experimental. In fact, the Texas legislature has recently expanded the program to include some crossings off of the state highway system. The program has been well received in Texas. Variations have been implemented in Connecticut and Delaware and are actively being considered in other states. Some major railroads have also implemented variations of the same program. FRA's assessment is very positive, and FRA has been promoting the concept to any state or railroad willing to listen. A report has been prepared and distributed promoting wide adoption of the Texas system. In FY 1990, the FRA contracted for further analysis of calls received, the timing and findings of follow-ups and their cumulative potential for predicting accident locations. (This is information available from the program which is over and above the program's intended purpose of providing railroads earlier notice of warning device problems.) FRA is also considering the development of computer software which would support wider implementation.

SENATOR LAUTENBERG: Please explain FRA's plan to spend the monies appropriated in the FY 1991 Act for research on grade crossing safety.

ANSWER: FRA has developed a prioritized list of potential projects: research into highway user education and understanding, assessing trespasser characteristics, and developing demonstration projects for Four Quad gates and active advance warning signs. An additional topic that may be supported is the proposal concerning the potential loss of signal at some locations, resulting in the failure of crossing gates to be activated correctly.

SENATOR LAUTENBERG: What is the rationale for bill language regarding the use of these funds?

ANSWER: The FRA requires specific authority to award grants or other forms of financial assistance to states to support research objectives. Such grants are considered necessary to fund demonstration of research results. The FY 1991 appropriations bill did not specify the required authorization, therefore FRA is requesting it in FY 1992.

SENATOR LAUTENBERG: What percent of these funds will be used to promote enforcement at grade crossings?

ANSWER: No determination has yet been made. Some of the funds will be used to supplement Operation Lifesaver and the education and enforcement programs available through the Law Enforcement Television Network.

SENATOR LAUTENBERG: The National Transportation Safety Board recommended that the FRA work to develop and require a system in each state similar in concept to the State of Texas public toll-free system to report active warning devices that are operating when no train is nearing a grade crossing or other problems or malfunctions. What actions have been taken to date on this recommendation? What are the FRA's future plans in promoting this concept?

ANSWER: FRA issued a report entitled, An Evaluation of the Texas 1-800 Program, June 1989. In brief, the report is very positive in its assessment of the extant Texas procedures. Subsequently, the FRA has taken an active role in promoting the concept to both railroads and states. A workshop was conducted at the 1989 National Conference on Rail-Highway Safety, July 9-12, in San Diego, and the FRA has accepted invitations to make formal presentations to state committees in Ohio, Louisiana, and Indiana, and before FHWA's eight-state Region IV. We also took the opportunity in testimony before the Transportation Committee of Connecticut's General Assembly to promote the concept. We have a formal slide-illustrated 20-25 minute presentation we would be glad to share with any audience. States are considering, and some have adopted, variations on the Texas procedures, including Connecticut, Delaware, Louisiana, and Missouri. The Union Pacific Railroad is beginning, on a state-by-state basis, to implement their own 1-800 number call-in procedure.

OPERATION LIFESAVER

SENATOR LAUTENBERG: The FRA has supported the National Operation Lifesaver grade crossing program with funding and staff support. Is this national voluntary program providing any benefit and is there a method to calculate the benefit?

ANSWER: The Operation Lifesaver (OL) program is providing a substantial benefit. It does no good to spend money to install and maintain automatic warning devices at crossings if we don't tell people what they mean, what their responsibilities are at crossings equipped and unequipped, and enforce the warning devices' meaning where it is codified in state motor vehicle laws. OL is getting these messages to the public and to the nation's law enforcement officers.

There is no measurable link between OL and crossing accident rates on a national level. There are just too many variables. However, the impact of the program can be approximated by the growing recognition that the program is enjoying among its railroad adherents as well as among State and local officials, law enforcement personnel, and the public at large. Operation Lifesaver, Inc.'s incoming WATS line usage increased 100 percent during 1990 to over 4,000 calls for the year. The peak in volume occurred immediately after 1990's OL day in mid-May. The scheduling of police oriented programs, both training and trooper-on-the-train programs, increased sharply in 1990. The perception of the professionals and volunteers who deal with OL at the State and local levels, as recounted in a survey of State OL coordinators, is that the visibility of the name and message of OL has increased in 33 of the 43 states responding.

SENATOR LAUTENBERG: Should additional funding to support the program be made available?

ANSWER: The FRA plans to continue its support of Operation Lifesaver, Inc. (OLI) at $100,000 per year. OLI has been receiving another $250,000 per year from the Highway Trust Fund, via the Federal Highway Administration. Though these funds have not been specifically designated in the Administration's proposed "Surface Transportation Assistance Act of 1991," we are committed to the continued support of OLI.

SENATOR LAUTENBERG: Does FRA keep a list of which groups or schools received Operation Lifesaver information provided by FRA inspectors? If not, how does FRA know which groups or schools received the benefits of Operation Lifesaver?

ANSWER: Yes, FRA inspectors/presenters do submit information regarding which schools and groups have received OL presentations. This information is periodically shared with the OL State Coordinators in each state. FRA field offices are tasked with supporting the OL State Coordinators. Assignments to make presentations are often received from the Coordinators.

ACCIDENT REPORTING

SENATOR LAUTENBERG: FRA is undertaking a series of measures to improve FRA's railroad accident reporting program. What are these measures and what proof do you have that they are working?

ANSWER: FRA has taken several steps to improve its accident and injury reporting program. Operating Practices inspectors have increased the amount of time spent reviewing railroads' accident and injury records. The records of the same seven railroad divisions reviewed by GAO have been inspected and the results compared with GAO's earlier findings. These railroads have improved their internal control procedures and their accident/incident reporting. Similar divisions on other railroads will be reviewed and railroads' internal control procedures for reporting to the FRA analyzed. An ANPRM hearing was held on May 17, 1990 to review and receive suggestions about enhanced reporting techniques and to improve the accident/incident system. FRA will use the results of our review of the railroads' internal control procedures to determine how to best pursue the rulemaking.

SENATOR LAUTENBERG: What is the capability of the field staff and Regional Directors to input and evaluate inspection and accident information on a regular basis?

ANSWER: The addition of another computer programmer in the headquarters Systems Support Division and the hiring of a graduate student majoring in computer science as a part-time employee in each region will help immensely.

SENATOR LAUTENBERG: Do each of the regional offices have this capability? Do the specialists working for the Regional Director have sufficient time for this function?

ANSWER: With the hiring of a graduate assistant majoring in computer science in each region, all of the regions will have the technical capability of evaluating inspection and accident information. The specialists will be able to devote sufficient time to this function since they will have to provide only the needed railroad-related expertise to the evaluations and the majority of the computer and analytical work will be done by the graduate assistants.

SENATOR LAUTENBERG: Does your FY 1992 budget have sufficient resources to pay for this activity or to hire contractors or part-time employees to conduct these computer and analytical functions?

ANSWER: Yes.

SENATOR LAUTENBERG: How does FRA's ability to process and analyze this information relate to recommendations made by GAO in their recent reports of FRA's safety program?

ANSWER: GAO gave us high marks for our ability to process and analyze information. We need to make more and better use of our accident and casualty data and to enhance the existing data bases with inspection point data which is now being developed.

ACCIDENTS DUE TO HUMAN FACTORS

SENATOR LAUTENBERG: Mr. Carmichael, your prepared statement points out that the number of railroad accidents due to human factors as a percentage of the total number of train accidents has increased. What new work are you doing in the area of research on human factors to minimize these accidents?

ANSWER: The FRA will initiate a project to evaluate dispatchers and the dispatch center operations in FY 1991 and this will continue into FY 1992. Also in FY 1992, we will initiate research for evaluating locomotive engineer training, operating rules, and high speed train operations.

SENATOR LAUTENBERG: The FRA estimates that roughly thirty percent of all railroad accidents are caused by human factors. What percentage of your research and development is committed to the study of human factors?

ANSWER: In FY 1992, human factors research funding is 16 percent of the safety portion of the requested railroad R&D budget.

SENATOR LAUTENBERG: In FRA's report entitled "Train Dispatcher Training Standards Inquiry," FRA stated that it is considering convening a task force consisting of FRA dispatching specialists, railroad experts, and organized labor to evaluate training procedures in areas other than operating rules. Has this been done? If not, when will it be done?

ANSWER: In the report issued last summer, we concluded that imposition of Federal training standards for train dispatchers was not immediately necessary. This judgment was based upon a number of factors revealed during FRA's extensive review of national dispatching:

- FRA accident database failed to disclose a statistically significant pattern of accidents caused by inadequately trained dispatchers.

- FRA believes that railroad operating rules training is absolutely essential for safety. However, there exists no clear evidence to indicate that unsafe activities have resulted from inadequate dispatcher training in other areas.

- With the advent of computerized control systems and corollary inherent "fail safe" software, dispatcher actions are more closely monitored now than ever before in history.
- Most train dispatchers observed were experienced and well qualified. For the most part, FRA found dispatching procedures and systems sound and effective on virtually every railroad.
- The railroad industry has always recognized the importance of maintaining a proficient dispatcher workforce. As a result, most railroads have long established training programs for dispatchers.

Therefore, while technical training appears adequate now, in recognition of the essential safety role train dispatchers perform in railroad operations, FRA takes the position that the issue should be revisited after a reasonable time to ensure that meaningful dispatcher training continues. To further this assignment, in addition to regular dispatching practices evaluations during normal inspections and assessments, FRA's Office of Research and Development is circulating a draft task order that will provide detailed follow-up on issues identified during the dispatcher assessment. While an implementation date has not yet been established, it is envisioned that this formal study will begin within the next 12 months. The project will include input from FRA experts, railroad dispatchers and supervisors, and labor organizations. Some of the issues R&D will address during the upcoming project will include:

- **Training** - The group will review training programs to determine if technical training being provided is appropriate to meet challenges of evolving technology and a changing workforce (as senior craft people retire).
- **Workload** - The project will attempt to define dispatcher workload measurement and workload threshold models so individual dispatcher positions can be measured from a workload perspective.
- **Occupational Stress** - The project will attempt to define the stress level at which employee actions become ineffective or counterproductive in the dispatching environment.
- **Fatigue** - The project will attempt to measure the level of alertness and degradation of

performance as a result of varying levels of stress encountered by a dispatcher.

SENATOR LAUTENBERG: Many railroad accidents appear to be due to the crew falling asleep. This is believed to be caused by irregular work cycles and the seniority call system practiced by the railroads and unions. Many times fatigue is the primary cause of an accident, but is masked behind an overt failure of some kind which leads to an accident. Is the FRA doing anything to study the root causes of fatigue and sleep on the job among railroad workers, particularly train crews?

ANSWER: The FRA is currently conducting research on stress and fatigue related disorders of railroad operating personnel, including train crews. This research is being coordinated with similar research being conducted in Canada.

COLLECTION OF CIVIL PENALTIES

SENATOR LAUTENBERG: The Committee understands that the $8.3 million collected recently by FRA for civil penalty fines resulted from negotiations with affected parties. What amount was originally assessed? What amount of assessed dollars were canceled because of terminated claims? For claims settled pursuant to the Hazardous Materials Transportation Act, what was the total amount originally assessed and the total amount collected? What use has FRA made of the Department of Justice and the DOT's Administrative Law Judges in dealing with penalty cases during the last year?

ANSWER: During fiscal year 1990, FRA collected a total of $8,455,175 in civil penalties under all the statutes it enforces. The amount originally assessed on the cases closed during that year was $16,953,750; the total amount assessed for claims terminated during that year was $1,667,450 (40 percent of which involved three cases against one railroad). Comparable figures just for cases closed under the Hazardous Materials Transportation Act during that year were: $3,358,865; $6,329,750; and $640,000. During the past year FRA initiated no new litigation to collect civil penalties.

SENATOR LAUTENBERG: The December 1990 GAO report on the financial management of FRA's civil penalty program found inaccurate recordkeeping regarding correspondence, failure to establish accounts receivable for millions of dollars in civil penalties, failure to deposit monies from collected civil penalties in an untimely manner, and slow settlement of railroad violation cases and collection of civil penalties. These are indeed serious deficiencies that must be addressed promptly. Please describe in detail what FRA has done to correct these problems.

ANSWER: FRA has taken the actions described below:

1. Recordkeeping

FRA's Office of Chief Counsel (OCC) is responsible for assessing civil penalties for violations of the railroad safety laws and transforming those assessments into liquidated debts by obtaining payment of the initial penalty in full, negotiation of a compromise, or litigation. FRA's Office of Financial Services (OFS) is responsible for establishing accounts receivable based on information received from OCC, depositing civil penalty payments, and following up on overdue accounts.

The report says that OCC "has records that were designed to account for cases that have been settled," but that those records were not updated between September 1989 and May 1990. This was a reference to a handwritten log of civil penalty settlements previously kept by the head secretary of OCC's Safety Division for her convenience.

That log summarized information found in the accounts receivable memorandum OCC sends to OFS when each case is closed and showed when the amount due had been paid and that the case file had been marked as closed.

The log never contained any information not kept elsewhere by the agency in its source documents (OCC's account receivable memos, case settlement sheets, and OFS's records of accounts closed). Because the separate log was duplicative and time-consuming, it was abandoned by the secretary in September 1989. With the introduction in March 1990 of an improved OCC form advising OFS of the need to establish an account receivable, this log became totally superfluous. The form itself now provides all of the useful information, including the record of payment, in one location in OCC. It provides all of the information formerly kept in the handwritten log without duplication of effort.

The report also pointed out that FRA's civil penalty case files do not always contain responses to civil penalty notification letters. OCC enforcement procedures instruct the attorneys to determine whether incoming correspondence related to a case needs to be filed in the case file or may remain in the attorney's files on the railroad. Important, substantive responses must be filed with the case, but in order to cut down on filing, letters merely acknowledging receipt of the case (of which FRA receives hundreds every year) are kept with the attorney's file on that railroad. However, because current procedures apparently leave too much room for judgment as to which responses must be filed with the case file, FRA has refined these procedures to require that responses in hazardous materials and top priority cases always be filed in the case file and to reemphasize the need to file substantive responses in all other types of cases in the case file.

2. Accounts Receivable System

The report states that in the period October 1988 through January 1990, civil penalty checks totalling $3.26 million were received in OFS prior to the establishment of corresponding accounts receivable. This has occurred most frequently in those relatively rare instances in which, upon receipt of a case, a railroad or shipper paid the initial penalty assessment in full and, despite the relevant language in the penalty notification letter, did not inform OCC it intended to do so. In those situations, OCC had no reason to advise OFS to establish an account receivable because it lacked knowledge of the railroad's or shipper's intent to pay in full without attempting to defend the case. There was no financial loss to the government in these situations because OFS deposited the checks immediately, in accordance with its policy of depositing checks daily. The problem was one of rectifying accounts: once informed that a check had arrived in OFS, OCC would have to provide an account receivable memo so OFS could open an account for the amount already deposited. In the meantime, the situation would be undesirable from an accounting perspective because of the uncertainty as to whether the amount deposited would ultimately be matched to an amount due.

FRA has devised and implemented a new system to deal with this problem. OCC now sends OFS a copy of every proposed penalty letter at the time the original is sent to the railroad or hazardous materials shipper. For each case, OFS will open a memorandum general ledger account that will show the full amount of the proposed penalty as a contingent receivable. Should the railroad or shipper pay in full without first advising OCC, OFS will have the memorandum account to indicate the initial penalty. That way, OFS will know when it makes the deposit that the amount being deposited is proper and can be attributed to a specific account. To facilitate matching of checks with accounts, FRA has amended its civil penalty notification letters to require that all checks bear the relevant FRA case number(s). OCC will, as soon as possible after being informed of the check's receipt, still provide a document to OFS to close the accounting loop, but internal controls will be appropriately maintained in the interim.

In addition to the situations involving receipt of full payment without prior notice from the payor to OCC, there have been other occasions in which OFS has deposited civil penalty checks before associating them with a specific account receivable. These situations arose because (1) OCC had not promptly sent OFS the account receivable memorandum after negotiating a settlement, (2) OFS had received but not yet processed the OCC account receivable memorandum, or (3) the check and related correspondence did not permit matching of the check to the account even though the account had properly been opened (e.g., a parent corporation issued the check to pay a penalty on behalf of a subsidiary and did not note the FRA case number).

The last situation should be eliminated largely by FRA's new requirement that all checks bear FRA case numbers. As for human errors in OCC or OFS, the new account receivable form, in use since March 1990, provides for more precise tracking in both OCC's preparation and OFS's receipt of the form and, therefore, should produce greater accountability on the part of the individuals who prepare and receive the records. Also, OCC's procedures now require that OCC give OFS an account receivable memo on the same day OCC is informed of the receipt of a check without an account receivable. Formerly, this was to be done within two business days. In addition, the managers in both offices have reemphasized the need to adhere to necessary procedures.

3. Debt Payments Deposited Late

The report states that in a 27-month period ending at the end of 1989, FRA deposited 24 civil penalty payments totaling $1.68 million, later than required. One cause of this problem has been OCC's failure, on occasion, to deliver checks to OFS to permit timely deposit. OCC's civil penalty notification letters, agreements of settlement, and final orders state expressly that checks should be sent to OFS, not OCC. Nevertheless, some companies send checks to OCC.

Although OCC procedures require that any check received in OCC be taken to OFS on the same business day in order to permit timely deposit, this does not always occur.[1/] In March 1990, OCC revised the log used to track disposition of checks received so as to provide better details on the date of the check's receipt and delivery to OFS. By reemphasizing the need to comply with these internal guidelines and increasing accountability by revising the check receipt log, OCC has virtually eliminated the problem. Records show that from January 1, 1990, through January 15, 1991, OCC received 37 checks, delivered 35 of those to OFS on the day they were received, and delivered the other two on the next business day (next-day delivery being a sometimes unavoidable result in the case of mail that arrives or is opened late in the day). One added measure FRA plans to take to avoid this problem is to write to any company that misdirects a check to OCC, underscoring the need to send checks to OFS. This should cut down on repetitious misdirection of checks by railroads and shippers.

OFS procedures require that checks OFS receives be deposited on the same business day (with a 10:30 a.m. cutoff of the business day to allow checks received after that time in the day to be considered as received the next day). While it is not clear which of the late deposits identified in the report were attributable to not meeting this requirement, OFS has reemphasized the requirement's importance.

4. Provisions for Charging Interest and Administrative Expenses

The report states that in a recent 27-month period, ten civil penalty accounts totalling over $325,000 were either overdue or paid in installments and that no interest, penalties, or administrative charges were assessed for these payments. On three of these accounts (which comprised 80 percent of the $325,000 total on which interest was not collected), timely payment was in fact made and no interest was legally due.[2/] It is not clear whether some or all of the other seven accounts were proper candidates for permissive waiver of interest, administrative costs, and penalties based on the same criteria used to settle claims or the agency's determination that the collection of these charges would not be in the best interests of the United States. See 4 C.F.R. § 102.13(g). However, even if appropriate with respect to some or all of these payments, no such waivers were documented.

FRA has recently clarified the roles of OCC and OFS with respect to collection of interest, penalties, and/or administrative expenses. OFS has already begun to assess interest, costs, and penalties on civil penalty accounts in the same manner it does on FRA's other accounts receivable. OFS will continue to send OCC a monthly list of overdue payments. However, OFS will have the responsibility to pursue those overdue payments by sending out appropriate notices and calculating the interest, costs, and penalties. OCC's role will be limited to contacting counsel for any company on the overdue list in order to assist OFS's collection efforts and giving OFS legal advice and support when requested (e.g., advising on the appropriateness of a waiver of interest in certain circumstances, or referring an action to the Attorney General for collection).

5. Settlement Goals Not Met

The report notes that a large backlog of violation reports built up in OCC in the late 1980's and that OCC failed to meet its own internal goals for settling civil penalty cases in 1988 and 1989. Those goals were set ambitiously as a spur to the OCC staff.

The 1988 goal became unattainable when the Rail Safety Improvement Act of 1988 was enacted in June 1988, resulting in a dramatic increase in OCC's safety regulatory workload. The 1989 goal also proved overly ambitious in light of that increase in workload. FRA has taken a series of actions to eliminate the backlog and settle cases promptly.

OCC began seeking additional resources to cope with its developing backlog of untransmitted violation reports in the spring of 1987 (the beginning of the budget cycle for FY 1989). That yielded an increase in safety attorney staffing from seven to eleven in FY 1989. Shortly after his swearing-in in the fall of 1989, Administrator Carmichael directed OCC to process all violation reports older than two years by the end of 1989, which was done. GAO and the DOT Inspector General informally recommended that OCC establish staffing standards for its Safety Division. That has been done, and two additional positions were made available in FY 1990. Congress appropriated funds for three more positions in FY 1991.

Based on those staffing standards and direction from the FRA Administrator, OCC has developed and is implementing an action plan for eliminating the backlog and settling cases more rapidly. The action plan is founded, among other things, on significant productivity improvements to be gained through a computerized method for preparing civil penalty case documents. The first generation of that system has increased attorney productivity more than fifty percent.

The action plan aims not only to eliminate the backlog of violation reports, but also to attain FRA's more ambitious goals of assessing civil penalties within 120 days and settling claims within one year.

The increase in staff attorney positions from seven to thirteen since 1987 (and an increase in clerical staff from three to six) and the implementation of automated case generation in 1989 have resulted in remarkable improvement. During FY 1990, OCC assessed civil penalties totalling $18.9 million (compared to the 1980's annual average of $5 million). Moreover, during FY 1990, FRA collected a total of $8.4 million, the highest total during the past ten years.[3] This progress has continued this year: during the first quarter of FY 1991 alone, FRA assessed a total of $13.3 million in civil penalties, and FRA has now liquidated its backlog of pending hazardous materials violation reports.

OCC plans further staff increases and productivity enhancements, including a second-generation computerized case processing system, that are designed to permit OCC to meet much tighter goals for transmitting violation reports and settling cases than it has been able to meet in recent years. These changes are enabling OCC to steadily reduce the backlog of untransmitted violation reports and settle cases involving more recent occurrences.

Finally, the GAO report looks at the interest savings the government might have enjoyed if FRA had accelerated the pace of its civil penalty collections. With the strains placed on its resources at the time in question, OCC could have collected those penalties sooner only by ignoring other important safety duties. Faster collection of civil penalties is desirable for safety reasons and, as explained above, FRA is moving in that direction. However, FRA is concerned that its civil penalty program not be viewed as a revenue raising or expenditure offsetting program. It is a safety program in which large sums of money are handled. While it is important that those funds be handled properly and collected as promptly as resources permit, it is also important that the potential fiscal effects of accelerated civil penalty collections not be permitted to distort FRA's priorities. In the safety enforcement process, dollars are symbols for safety issues and they are collected to secure compliance with the law. That purpose should not be obscured by revenue considerations, and an inordinate portion of FRA's limited safety resources should not be devoted to quickening the pace of penalty collections at the expense of other important safety objectives.

1/ For example, OCC received a check for $691,000 on October 6, 1987, and delivered that check to OFS for deposit on October 9. This single, three-day delay accounted for more than a third of the dollar amount GAO found to have been deposited late. The longest delay (92 days) involved two checks totalling $139,000 that arrived in OCC attached to the back of the related agreements of settlement in such a way that their inclusion was not obvious. The FRA attorney assumed that only the agreements were enclosed and set the matter aside for subsequent filing of the agreements. When payment was not received by OFS, which had received and account receivable memo prepared by the attorney, OFS alerted OCC and the checks were located in the attorney's office with the agreements.

2/ GAO concluded that these three payments, totalling $265,775, were late by comparing the date due shown on the account receivable memo with the date payment was received. However, the dates due shown on the account receivable memos for these three payments were, in accordance with then-effective procedures, estimates established before the settlement agreements were executed by the railroad. Only full execution of the agreement triggers the railroad's duty to pay within 30 days. At the time, OCC used this procedure (sending the account receivable memo before receiving the fully executed agreement) to prevent the receipt by OFS of a large check before it had established an account receivable. Recently, OCC has changed its procedures to preclude the sending of an account receivable memo until OCC has received the fully executed agreement, at which time it will know the actual due date. Should the railroad send the payment to OFS before OCC received the agreement, there will be no loss of accounting control because OFS will already have a memorandum general ledger account for each case. OCC has also established new executed by the railroad.

3/ This total includes $3.3 million collected for violations of the Hazardous Materials Transportation Act, the one common statute enforced by DOT agencies. To put that achievement in perspective, the Department as a whole, including FRA, had never before collected as much as $2 million in any one year.

TRACK SAFETY REGULATIONS AND TRACK SAFETY

SENATOR LAUTENBERG: Is it correct that 49 CFR 213.55 states that alignment may not deviate from uniformity more than an amount specified in the table provided in the regulation? Would the purpose of safety be better served if the regulation was changed to read: "A change in alignment shall not be greater than a specified amount which would vary according to a class of track."?

ANSWER: The citation of language from 49 CFR 213.55 is correct. There is a problem, however, with the suggested replacement language in that there is no reference provided against which to measure "change". That is the purpose of the term "uniformity" in the current regulation. In the ideal case, the mid-offset measurements from a 62-foot line (chord), taken progressively through the full body of a curve, would be a constant number which would represent uniformity and the deviations from this unvarying value would be zero. In actual practice, the 62-foot chord is moved incrementally in the full body of a curve and the mid-offset measurements recorded. These are then averaged and this synthetic number establishes a reference "uniformity" against which each measurement is compared. The table in the current regulation is used during the comparison process to define the values, by track class, that cannot be exceeded without creating a defective condition. In reality, 213.55 is based on an industry track maintenance procedure that has been in continuous use for well over a century and it is widely understood in the trade. No useful end would be served by changing the wording of the regulation.

SENATOR LAUTENBERG: Is it correct that enforcement cases demanding civil penalties for violations of FRA's track safety regulations require that prior knowledge of the railroad be established? If this is so, how did this practice or policy originate? Is there a legal basis to it?

ANSWER: Proof of "prior knowledge" is not necessary to sustain an enforcement action under FRA's track standards. The track rules permit assessment of a penalty where we can prove either actual knowledge or notice. The latter standard is actually the more important since FRA's track standards impose on the railroads a duty to perform inspections from which FRA can make a legal inference that a railroad found, or should have found, a noncomplying condition.

FRA has always taken the position that its major safety statute, the Federal Railroad Safety Act of 1970, under the authority of which FRA issues most of its regulations, authorizes FRA to impose a strict liability standard against the railroads. FRA has done just that in virtually all its regulations except the track standards, in which it has imposed a constructive knowledge standard of liability. However, the railroads challenged FRA's interpretation of the statute on this point and in 1982 prevailed in the Fifth Circuit over FRA's vigorous defense. FRA promptly went to Congress and within weeks obtained an amendment to the 1970 Act making it crystal clear that that statute embodies a strict liability standard. The relevant provision now reads as follows:

> "It shall be unlawful for any railroad to fail to comply with any rule, regulation, order, or standard prescribed by the Secretary under this title."

In a floor statement accompanying this amendment, Congressman Lent stated:

> "The amendment clarifies the original intent of the Congress and insures the effective operation of the freight car safety program. It embodies a strict liability standard in plain simple language, assuring that the 1970 legislation will be read in a way that is consistent with judicial decisions under the Safety Appliance Act, Locomotive Inspection Act, Signal Inspection Act, and the other railroad safety statutes. However, it is intended that the FRA will retain administrative discretion to condition responsibility for compliance with certain regulations on constructive or actual knowledge where fairness and proportionality so require."

SENATOR LAUTENBERG: How does FRA monitor the safety and accident record on excepted track? How often does FRA monitor excepted track to see if the track should really be excepted from the regulations? What is the safety record of excepted track?

ANSWER: The Federal Railroad Administration Track and Structures Enforcement Manual states, "The major portion of an Inspector's enforcement activities will be spent in monitoring of railroad compliance performance through regular inspection activity. This monitoring activity includes a check of carrier records to determine if the number of railroad conducted inspections is in accordance with [Standards]."

The required frequency of inspection for any track designated as "Excepted" is not waived by the administrative rules established for excepted track. Accordingly, the FRA track safety inspector emphasizes the monitoring activity by thorough record inspections, and review of track owner notices and instructions to assure that railroad personnel are: (1) aware of the location and limits of excepted track; and (2) observing the operating restrictions placed upon excepted track. Deviations from required administrative and operational constraints will be recommended to Chief Counsel for prosecution.

For calendar years 1989 and 1990, the FRA accident reporting threshold was $5,700. For 1991 and 1992, that figure is $6,300. Railroads having accidents wherein the dollar reporting threshold is exceeded must report to FRA, designating the FRA class of track, to include "Excepted" if applicable. The FRA data base allows periodic distribution of derailment and accident data to each of the eight regions.

Operating constraints require that train speeds not exceed 10 mph on excepted track. Derailments and accidents, if they occur, often fall below the reporting threshold. Often no more than one or two wheels derail, to be rerailed by the crew and maintenance employees in ready time. Where accidents exceeding the threshold are reoccurring on any particular rail line, the accident data base will alert the region(s) to potentially unsafe track.

Because of the FRA reporting threshold, and the operating and administrative constraints placed upon excepted track, reported accidents are few and infrequent, and the record is good. In the past three years, there has been an average of 60 accidents per year on excepted track. Approximately 80 percent of these accidents are derailments. However, financial hardships and losses incurred by a railroad operating upon excepted track may become "drivers" that will eventually require the track owner to upgrade track to FRA Class 1 or even Class 2.

SENATOR LAUTENBERG: Under 49 CFR Section 213.113, if a piece of rail is broken but not missing and cannot be physically removed by an inspector, is the railroad required to replace this rail?

ANSWER: The question speaks to a specific rail failure, that is, a bolt hole break that exists within the confines of rail joint bars. If the rail defect is held in place by the joint bars, continuity of the rail surface exists, and train operations may continue under restrictions imposed by a qualified railroad employee.

SENATOR LAUTENBERG: For each of the contracts or awards made under FRA's track safety research program, please specify the amount and percentage of cost sharing contributed by non-Federal sources.

ANSWER: For the entire track safety research program, we anticipate a level of cost sharing for FY 1992 of 53 percent, which is consistent with prior years. Much of this cost sharing is in the form of services, equipment and material contributed in kind by joint sponsors of research programs, and not necessarily from FRA contractors.

Most of these cost sharing arrangements with railroads and railroad suppliers are linked to particular programs, not to specific FRA contracts. In other words, the cost sharing occurs between FRA and a joint program sponsor, and not between FRA and its contractor. Because FRA often utilizes several different contractors on one program, and individual contractors typically participate in several programs, it is impractical to attempt to identify specific cost sharing amounts by individual contract or award.

AUTOMATIC TRAIN CONTROL (ATC)

SENATOR LAUTENBERG: Section 9 of the Rail Safety Improvement Act of 1988 required FRA to study the advisability and feasibility of requiring ATC and advanced control systems on each passenger and hazardous materials rail corridor and report to Congress. What were the results of this study and what does FRA intend to do with these results?

ANSWER: FRA's report on "The Advisability and Feasibility of Requiring Automatic Train Control Systems on Each Passenger and Hazardous Material Rail Corridor" has been prepared and is in review within the Department.

SENATOR LAUTENBERG: How will FRA promote compatibility of different advanced ATC systems? What about standardization of these systems?

ANSWER: There is no specific need for different systems, on different railroads, to be compatible. The need for compatibility, from a safety standpoint, is limited to the compatibility between the equipment on the locomotive and the system attempting to control the locomotive. Arbitrarily imposing technical specifications at this time would arrest healthy competition among the technologies under development.

SENATOR LAUTENBERG: What is FRA doing to ensure that these systems are safe?

ANSWER: Before FRA approves any of these advanced systems to replace currently required systems, we will require proof that they are at least as safe as the current systems.

SENATOR LAUTENBERG: What research is FRA doing in this area?

ANSWER: At this time, the bulk of the research and development of these systems is being conducted by the private sector (individual railroads). FRA is keeping track of progress and will become more involved as these systems come closer to implementation.

LOCOMOTIVE CAB SAFETY

SENATOR LAUTENBERG: What, if anything, is FRA planning to do to improve regulations governing locomotive cab safety? Why aren't U.S. regulations up to the same standards as the Canadian regulations in this area?

ANSWER: The FRA is not planning to write regulations governing locomotive cab safety. The FRA remains an active participant in the ad hoc Locomotive Control Compartment Committee which includes the Association of American Railroads (AAR), the locomotive manufacturers and the Brotherhood of Locomotive Engineers. On December 1, 1989, as a result of the work of the Committee, the AAR advised the FRA that the AAR, in cooperation with the locomotive manufacturers, the General Electric Company (GE) and Electro-Motive Division of General Motors Corporation (EMD), had adopted Locomotive Crashworthiness Standards S-580 for all new, road-type locomotives built after August 1, 1990.

The standards require the inclusion of anticlimber devices on the short hood end of the locomotives; two collision posts, and increased thickness of the short-hood, end-facing area.

Transport Canada does not have any regulations regarding locomotive crashworthiness. The Canadian National Railroad was involved in designing a stronger locomotive cab structure in 1973 which is commonly referred to as the Canadian locomotive. Transport Canada took the position that since the manufacturers in conjunction with the railroads were already involved with the designing and building of a more crashworthy locomotive, Federal regulation was not necessary.

SENATOR LAUTENBERG: According to the FRA Incident/Accident Bulletins, train to train collisions comprise about 20 to 26 percent of the total railroad accidents exclusive of grade crossing or trespasser accidents. In many collisions, there is insufficient time, or the train speed is too fast for the crew to exit the locomotive cab before impact. The only protection available is that afforded by the locomotive cab before impact. What is the FRA doing to ensure the survivability of the locomotive crew, particularly when most trains cannot stop within distances of less than a mile?

ANSWER: The FRA believes that the AAR standards are compatible with the technical discussions that the FRA has had with the representatives of GE and EMD. They are also responsive to the specific concerns raised in FRA's Special Safety Inquiry, and consistent with the expert testimony and record established in that proceeding. Finally, labor, management and Government representatives on the Locomotive Control Compartment Committee have recognized the action of the AAR as an effective means of establishing and implementing improved locomotive crashworthiness design standards.

SENATOR LAUTENBERG: Should sill heights on locomotives be standardized to prevent General Electric locomotives from overriding EMD (General Motors) locomotives?

ANSWER: On the question of compatible locomotive main frame sill height standards, FRA and other parties in the crashworthiness proceeding have not found compelling evidence or technical data to support a rulemaking to require standard heights. A head end or rear end collision scenario many times results in the locomotive control cab being crushed by the overriding equipment. The AAR standards of an anti-climber feature and collision posts will provide a means of diverting equipment, whether a freight car or locomotive, to the side rather than over the top of the locomotive cab structure, offering protection to the crew.

EVENT RECORDERS

SENATOR LAUTENBERG: Progress on the issuance of the NPRM on event recorders has been dramatically slow. What is the holdup on this regulation?

ANSWER: In accordance with section 10 of the Rail Safety Improvement Act (RSIA), regulations are being developed, "as may be necessary to enhance safety", requiring tamper-resistant event recorders on trains. Issuance of an NPRM is anticipated in the near future. This rulemaking is among the last to be addressed because its impact on safety will be less immediate and issues with respect to its scope were relatively more complex.

SENATOR LAUTENBERG: How does the FRA's event recorder NPRM address: (1) the classes of carriers affected; (2) the timetable for installation; (3) the event recorder design standards and crashworthiness; (4) NTSB/FRA access to event recorders following accidents? Does the FRA's event recorder NPRM consider solid state technology in any way?

ANSWER: Because the NPRM has not been issued, we cannot comment on specific elements.

TANK CAR SAFETY

SENATOR LAUTENBERG: The National Transportation Safety Board (NTSB) recommended that the FRA and the Association of American Railroads (AAR) work together to improve the delegation of authority to the AAR's Tank Car Committee and other procedures concerning tank car safety. What actions have been taken by the FRA and the AAR to implement Safety Board recommendations? What actions are planned?

ANSWER: The following issues have been reviewed and discussed with the AAR: precedent approvals; voting requirements; listing of all approved valves, methods, etc.; data review; and further action required by DOT/AAR. Those issues have been resolved, either formally by letter or informally by the open communication between the AAR and the Departmental staffs in and outside of the scheduled Tank Car Committee meetings. As was pointed out in the Tank Car Report, "[w]e find the concept of utilizing the Committee as an extension of the regulatory agency to be sound." Staff personnel from both the Research and Special Programs Administration (RSPA) and the FRA are attending all AAR Tank Car Committee meetings.

SENATOR LAUTENBERG: The NTSB, as a result of its investigation of a 1983 accident, recommended that FRA conduct a testing and evaluation program on protecting aluminum tank car ends from puncture, and then to develop requirements for the installation of head shields to protect these tank cars. Have these studies been completed, and what were the results? What action is the FRA taking to implement standards for the protection of aluminum tank cars?

ANSWER: The testing program has been completed and the data is currently being analyzed. Until all of the data is analyzed, results cannot be determined. According to the AAR's analysis of accident data for aluminum cars, for the period of 1965-1986, only 4.4 percent of the total cars damaged were due to head punctures. If it is determined that head shields are cost beneficial and necessary, appropriate regulations will be prepared.

SENATOR LAUTENBERG: As indicated in a letter to the NTSB, FRA and RSPA agreed to establish a working group to respond to Safety Recommendation R-89-80 regarding protection of railroad tank cars carrying hazardous materials. What were the findings of this task force? Was or is there any expected follow-up regulatory changes as a result of this work? What is the FRA's role in these efforts?

ANSWER: There are no findings to report at this time. The FRA has just initiated the study to evaluate the adequacy of existing regulations by identifying the various chemical properties, the tank car construction, and the valve setting pressures to ensure compatibility of the chemicals transported in specified tank cars. In addition, a risk assessment is being conducted. FRA's role is to manage the contract effort.

SENATOR LAUTENBERG: The NTSB has consistently taken the position that all DOT specification 105 tank cars, regardless of capacity or date of construction, should be equipped with head shields, thermal protection, or both when transporting high-risk commodities such as flammable gases, ethylene oxide, and anhydrous ammonia. What action is the FRA taking to ensure that all specification 105 tank cars are equipped with these safety features when transporting high-risk commodities?

ANSWER: FRA has a contract to evaluate tank car safety standards by reviewing the physical and chemical properties of the materials transported with the tank materials of construction. Under the contract, a risk matrix (a deterministic risk assessment) will be developed which will provide a measure of the various tank car and hazardous material interrelationships. The past history of tank cars performance will also be analyzed to determine if any improvements are needed.

In addition, FRA and the RSPA published an ANPRM (HM-175A) requesting information on the costs and benefits of requiring thermal protection or head protection, or both, on new and existing tank car tanks that were previously excluded from the retrofit requirements. Based on the comments received, FRA and RSPA may publish a NPRM to address those tank car tanks in question.

SENATOR LAUTENBERG: The NTSB has indicated that accident data from the past twenty years demonstrates the vulnerability of tank car heads to puncture during derailments. Consequently, the Safety Board has recommended that the FRA evaluate present safety standards by using safety analysis methods to identify the risks of transporting hazardous materials in rail tank cars, and then to amend existing regulations as appropriate. What is the FRA doing to implement safety analysis methods for assessing existing standards and then implementing improved standards?

ANSWER: In addition to the contract described above, FRA is currently reviewing comments on an Advanced Notice of Proposed Rulemaking (55 FR 20242) which addresses the need to expand the head shield requirements on additional commodities and whether or not full-head shields are warranted versus the half-head shields currently authorized.

CASK SHIPMENTS

SENATOR LAUTENBERG: The DOE is spending millions of dollars on new casks for nuclear shipments. How is the FRA's current and proposed research coordinated with other related Federal R&D projects?

ANSWER: The FRA holds periodic meetings with technical personnel from the Department of Energy (DOE) and the Nuclear Regulatory Commission to discuss our research projects, which have been in the area of railroad accident fires and the potential effect of such fires on a spent nuclear fuel cask. One project is being performed by Sandia National Laboratories through an Interagency Agreement with the DOE.

ENFORCEMENT CASE BACKLOG

SENATOR LAUTENBERG: Please discuss the current status of the civil penalty enforcement case backlog. In view of the substantial progress that has been made in reducing this backlog, and the additional three attorneys that the Committee approved last year, please justify in detail your request for additional attorneys for the Safety Division of the Office of Chief Counsel.

ANSWER: FRA has made excellent progress in liquidating the backlog of untransmitted violation reports. The crucial elements that have enabled this progress are:

- additional attorney and clerical staff were hired;
- computerized generation of cases hit full stride; and
- FRA streamlined its procedures for transmitting hazardous materials cases.

The results are excellent:

- The backlog of pending violation reports (i.e., those for which penalties were not assessed within a year) was cut nearly in half--from 9,000 at the end of 1989 to 5,793 by the end of 1990.
- In FY 1990, FRA assessed $18.9 million in civil penalties, more than three times the annual average assessment in the previous decade.
- In the first quarter of FY 1991, FRA assessed $13.3 million in civil penalties, more than two times the average annual assessment.
- By the end of calendar 1990, the backlog in hazardous materials cases had been eliminated (i.e., no reports older than a year were pending, and none were pending against most major railroads).
- In FY 1990, FRA collected $8.4 million in civil penalties, the second highest total ever.
- In hazardous materials cases, FRA collected $3.3 million in penalties, far more than had ever been collected by the entire Department in any previous year.

The additional resources and computerized case generation increased our enforcement timeliness even more than anticipated. With the additional resources we have requested, we can completely eliminate our backlog and continue to reduce the time between a violation and the payment of the penalty.

As the Inspector General and the GAO recommended, we have developed staffing standards for safety attorneys to form the foundation for budget requests, among other things. In doing so, we have examined the legal workload generated by our safety inspectors, the workload likely to be generated by the additional safety inspectors being hired, the number of violation reports that can be processed by an attorney taking into account the other duties our safety attorneys must perform, and the workload projected to be generated by rulemakings mandated by the Rail Safety Improvement Act of 1988. Our projections do not include the very large workload generated by the Sanitary Food Transportation Act and last year's amendments to the Hazardous Materials Transportation Act which were enacted after the projections were made. The staffing standards assume about a 50 percent increase in productivity due to the computerized case processing system. Our experience so far with the first generation system validates this projection. On this basis, we have concluded that the Safety Division should have twenty staff attorneys, three supervisors, eight secretaries and two computer technicians.

That reflects a 20:1 ratio of safety inspectors (361 FRA inspectors and 109 State inspectors in the State Participation Program) to lawyers, including supervisors. This is reasonably comparable to the 15:1 ratio the FAA, which has the safety program most like ours in the Department, hopes to reach in 1991 (they are now at 17:1; we are now at 30:1). If we can attain and maintain the desired ratio, we can meet and maintain our goal for assessing civil penalties on most violation reports within four to six months.

Our request for four additional rail safety attorneys thus represents a large step toward reaching the ratio of safety inspectors to legal staff that the staffing standards show FRA to need. That would bring the Safety Division to seventeen staff attorneys, three supervisors, five secretaries, and two computer technicians.

The Committee is aware of the work needed to handle enforcement of civil penalties against railroads, but that is likely to increase in difficulty. The higher civil penalty levels FRA sought and Congress provided in the RSIA are now being felt throughout the industry; this tripling and quadrupling is likely to make the process of achieving settlements without litigation much more difficult, thus slowing our work either in the negotiations themselves or in the demanding work of litigation. For example, when FRA brought an $815,000 suit against one railroad three years ago, preparation of the complaint and completion of only a portion of the discovery process consumed more than one FRA attorney staff year. Had the suit not been settled during the discovery phase, trial of, in effect, 800 separate lawsuits would have consumed at least six months in Boston.

Some examples of the new work to be performed by the Safety division will help make clear our urgent need for the requested positions. For example, enforcement work against individuals is much more time consuming than it is against railroads or shippers, and the risk of litigation is much higher. We are urging our inspectors to use individual civil penalties and, as they learn how to use this tool, they are steadily increasing their use of individual civil penalties. Assume hypothetically that, by the beginning of FY 1992, we receive about 10 recommendations monthly that individuals be cited for civil penalties. If the individual settles the case with us through informal negotiations, an average case takes a minimum of a week of lawyer time. If we must sue, we project that a case will take about six months of lawyer time on the average. Thus, if we cite 120 individuals annually, settle with 108 of them, and sue 12 of them, we would need more than 8 years of legal time. Assume instead that the industry shapes up substantially in response to the threat of individual liability and that our inspectors are very conservative and, as a result, we receive only two recommendations each month for individual civil penalties. If, out of the annual total of 24, we settle with 21 and sue three of them, we would need two years of lawyer time. Taking into account that safety lawyers must spend half of their time on enforcement work against railroads, this means we would need four to sixteen lawyers available to do this work. Both of those hypotheticals are reasonable projections at this time depending upon which current facts are emphasized.

We project conducting two disqualification proceedings each year and anticipate that each proceeding that is resolved in settlement negotiations will require six months of legal time on average. Cases resolved during administrative appeals are projected to take nine months of lawyer time. Cases taken on to District Court are projected to take 14 months of legal time and those appealed beyond that to take 18 months of legal time. On the same basis as before, this means we need a minimum of two lawyers available to do this work, and it is likely that we will need four or more lawyers here. We could easily have half a dozen disqualification proceedings.

One large source of future legal work is the rule governing the qualifications of locomotive engineers that is to be completed soon. This is a very complex rulemaking that will generate many requests for interpretations and waivers. The most easily quantifiable portion of the expected new work, however, is handling appeals from denials of certification. As now contemplated, the rule would set strict standards for certification and recertification of locomotive engineers. A person denied certification would have the right to appeal to FRA and FRA's decision will be reviewable administratively and in court. Each such case may be expected to take three to six months of legal time. We expect to require as many as 10,000 engineers to be examined annually. If, hypothetically, three percent of those examined are denied certification and if 10 percent of those appeal, we would need 15 to 30 lawyer years to handle those cases. That would swamp even the larger staff we are seeking and that workload is easily within the realm of possibility. If only 6,000 engineers are examined during a start-up year and only one percent of them is denied certification and only 10 percent of those appeal, we would need 18 months to three years of lawyer time. The latter is probably the minimum workload that could be expected from this source. Given that each lawyer must spend half of his or her time on enforcement work, we must be able to assign no fewer than six lawyers to this work by the time appeals should begin to come in around the beginning of 1992.

On the regulatory side, we need additional safety attorneys to permit us to address pressing issues that are long overdue for attention. One of the questions asks about a long-pending petition from the Association of American Railroads for a rewrite of 49 CFR Part 174. Other such issues include: (1) Track: petition for rewrite of track standards; rewrite based on research and development on rail flaws, cross level, and excepted track; (2) Locomotive Safety Rules: crashworthiness and interior safety of locomotive cabs, diesel emissions entering the cab, diesel locomotive fume emissions, regulation of noise of stationary locomotives; (3) Freight Car Safety Rules: freight car standard-coverage of maintenance-of-way cars, discolored wheel test program, qualifications standards for freight car inspectors; (4) Safety Appliance Rules: need thorough rewrite; (5) Power Brake Rules: need thorough rewrite, substitution of in-date testing (IDT) for cleaning, oiling, testing and stencilling (cot&s), AAR airflow petition, Montana petition that FRA require end-of-train devices on cabooseless trains; (6) Operating Practices: accident/incident and other reporting, alcohol and drug changes needed; many blue signal issues, AAR petition for reconsideration of rear marker rule, rewrite of Part 217, AAR petition for reconsideration of tampering rule, clean up camp car protection rule; (7) Signal and Communications: address train radios and other communications issues; (8) Hazardous Materials: Part 174 rewrite, HM-175A addressing tank car issues, HM-181 bringing domestic regulations in line with UN-based systems, HM-197 setting standard conditions for moving multi-modal containers of hazardous materials in TOFC/COFC service, HM-201 considering revisions to tank car specifications and service life shell thickness, HM-201A dealing with in-train placement of hazardous materials cars and with the content and "placement" of hazardous materials documentation carried on a train;

AAR petitions involving the specifications in Part 179; (9) Hazardous Materials Transportation Uniform Safety Act of 1990: amend Part 212 to permit state hazmat inspection, amend Part 209 to reflect HMTA amendments (e.g., increased penalties), comparative study of use of dedicated trains vel non for transporting high-level radioactive waste and spent nuclear fuel, amend HMR as appropriate re: high-level radioactive waste and spent nuclear fuel, amend HMR to limit use of pre-1971 tank cars in hazmat service; (10) Sanitary Food Transportation Act: publish lists of nonfood products that do and do not make other items unsafe when transported in the same vehicle, publish list of products that must be transported in dedicated vehicles, publish waiver procedures; (11) Other Issues: Omnibus Crime Act of 1990--issue rules providing railroad police with police authority throughout the U.S.; User Fees--rule implementing program; High Speed Rail/Maglev--may need various regulatory changes, depending on whether and which nascent systems develop; Scenic railroad regulation--general inquiry on this issue; Disqualification: amend Parts 229, 231, and 232 to permit disqualification action under these regulations; issue various penalty schedules.

Obviously, the amount of litigation we have and any new regulatory projects directed by Congress can change our staffing needs dramatically. The assumptions used above are low, but reasonable. It should also be noted that the minimum projections for new work exceed the capacity of the attorneys we are requesting. The difference is that some of the legal time calculated above will, due to the length of the proceedings involved and staggered beginnings, fall into later years and the remaining difference will require night and weekend work.

CHIEF COUNSEL

SENATOR LAUTENBERG: Why do FRA's attorneys travel to carriers' headquarters to settle claims? In view of the technical expertise at FRA's office south of Baltimore as well as the technical expertise at FRA's headquarters, couldn't all civil penalty settlements be conducted at FRA's headquarters?

ANSWER: FRA rail safety attorneys often, but not always, travel to railroads' headquarters to discuss enforcement cases because it usually pays major dividends from a safety perspective. First, it enables FRA to involve its field personnel, including the FRA or state safety inspectors who wrote many of the violation reports at issue, in the discussions of the merits of the claims. Our inspectors are then able to provide special insight into the particular safety hazards being addressed. They often report finding this opportunity to be invaluable as a learning experience, in that they develop a better understanding of the legal objections that can be raised by railroad counsel and therefore can improve their work product. This approach also enables the railroad to have both management and technical staff attend, which improves both the quality of the sessions and the overall effect of FRA's enforcement efforts on the corporation. Finally, we use these occasions to forge a stronger bond between our field personnel and the legal staff that supports their enforcement work. Depending on the circumstances, settlement discussions are often conducted in Washington, D.C., but there are very good reasons for not always doing so.

SENATOR LAUTENBERG: For FY89, FY90 and thus far for FY91, what is the sum of expenses incurred by FRA attorneys in travelling to settlement conferences outside of D.C.? What is the proposed travel budget for the Safety Division of the Office of Chief Counsel for FY 1992?

ANSWER: We are unable to calculate the travel costs associated with settlement conferences without extensive and time-consuming research. This would require recovering every travel voucher submitted from a trip for a settlement conference during the requested periods and manually calculating the amounts involved. There is no separate travel budget for the Office of Chief Counsel as whole, much less its Safety Division or the portion of that division's travel, relating specifically to settlement conferences; such travel is paid out of the overall travel budget for the Office of the Administrator. The travel costs actually incurred for the entire Office of Chief Counsel were $20,009 in FY 1989, $52,548 in FY 1990, and $15,525 thus far in FY 1991. That amount covers travel for litigation, rulemaking hearings, investigations, training, meetings with industry, and every other purpose for which FRA attorneys travel, as well as settlement conferences. The travel costs of the Office of Chief Counsel for FY 1992 are reasonably projected to be $50,000.

SENATOR LAUTENBERG: The Committee understands that in some regions the RD attends the settlement conference when held in his district instead of the involved inspectors. Is this true?

ANSWER: Most settlement conferences involve some mix of inspectors, specialists, and regional directors. We are unaware of a case in which a regional director has attended instead of inspectors.

OFFICE OF SAFETY

SENATOR LAUTENBERG: Please discuss the potential benefits of the newly implemented reorganization of the Office of Safety. How will this realignment of functions respond to concerns raised by GAO in their recent testimony on FRA? When will this reorganization be started?

ANSWER: The reorganization of the FRA safety function has been completed. Our Office of Safety Enforcement is now organized into divisions providing specific expertise and program support in individual disciplines -- motive power and equipment, track structures, signal and train control, operating practices, and hazardous materials. These divisions correspond to the areas of responsibility of the regional specialists, who are now the line supervisors of inspectors in their individual disciplines. This realignment will aid FRA headquarters staff, working with the regional specialists, in providing guidance for uniform interpretation and application of the regulations across regional lines. The field realignment will facilitate sound management of the national inspection plan, which is also being fashioned along disciplinary lines.

The Immediate Office of the Associate Administrator for Safety, the Office of Safety Analysis, and FRA Regional Directors will continue to provide leadership and integration of safety policy, data analysis, and procedures. Chief inspectors in each region will play key roles in accident investigation, monitoring of small railroads, system safety assessments, and orientation of new personnel.

SENATOR LAUTENBERG: Why was the director of training taken out of the Office of Safety and moved elsewhere in FRA?

ANSWER: The director of training and communications reports directly to the Associate Administrator for Safety.

AAR PETITION FOR RULEMAKING

SENATOR LAUTENBERG: In 1985, AAR submitted a petition to revise 49 CFR Part 174. This petition contained a complete revision of Part 174, which AAR claimed is now awkwardly arranged, often redundant, and in many places obsolete as currently written. Why has the Department failed to respond to this petition for rulemaking, especially since AAR has done a great deal of the background work? When will the DOT respond to the AAR's petition which is now almost six years old?

ANSWER: At the time of the AAR's petition, the Department was working on a massive rulemaking to align the United States Hazardous Materials Regulations with those of the international community. The rulemaking was finalized in November 1990 encompassing 300-plus pages in the Federal Register. The rule made extensive changes to the current regulations, including Part 174. Consequently, the AAR's petition, in part, was affected by the final rule.

In addition to the final rule, FRA and RSPA are actively developing rulemakings on several tank car issues, in-train placement, written procedures at loading racks, and the removal of several obsolete sections in Part 174. All of these rulemakings are based on cost/benefit/risk analyses. Between those rulemakings and the final rule issued in November, most of the AAR's concerns will be answered.

HAZARDOUS MATERIALS FINES-COLLECTION

SENATOR LAUTENBERG: Mr. Carmichael, we just received your report on FRA's implementation of the Hazardous Materials Transportation Act (HMTA) as well and your efforts to collect a greater percentage of the initial fines that are assessed on hazardous materials violators.

In your cover letter to me, you stated that you share my concern for increasing the percentage of initial assessments that are collected by your agency. You said you planned to experiment with your safety enforcement program to see whether you can increase the percentage and timeliness of initial assessments that you collect. How and when do you plan to initiate these experiments? When do you expect to see results from these experiments? What percent of assessments do you intend to set as a goal as part of these experiments? What methodology will you utilize to determine whether such efforts have improved safety?

ANSWER: On March 1, 1991, we submitted our "Report to the Committees on Appropriations of the United States Senate and House of Representatives Concerning Implementation of the Hazardous Materials Transportation Act by the Federal Railroad Administration." That report was directed by the Subcommittee's report on the FY 1991 Appropriations Act, which compared FRA unfavorably with the Research and Special Programs Administration (RSPA) and the Federal Highway Administration (FHWA) in terms of enforcement effectiveness, as measured by the percentage of the initial penalty demand each agency collects on civil penalty cases brought under the Hazardous Materials Transportation Act and the frequency with which each agency litigates such cases.

Our report explained that FRA's HMTA enforcement program has set the pace for aggregate penalty collections under the HMTA for the last several fiscal years, as summarized below:

	FY 86	FY 87	FY 88	FY 89	FY 90
FRA	**$621,575**	**647,195**	**393,425**	**636,460**	**358,865**
FAA	383,250	305,900	154,100	282,850	NA
FHWA	366,500	292,300	218,650	311,923	803,940
RSPA	117,163	126,625	335,900	408,600	518,600
USCG	23,645	83,150	87,900	118,600	179,783
DOT	$1,512,133	$1,455,170	$1,189,975	$1,758,433	

In addition to collecting $3.3 million under the HMTA, nearly twice the highest amount ever collected previously by the entire Department in a single year, FRA became much more timely in its transmittal and settlement of cases in FY 1990.

Our report also pointed out the improving and impressive safety record of the railroad industry in the transportation of hazardous materials: in 1990, 37 train accidents resulted in a release of hazardous materials, as compared to 138 such occurrences in 1978. From 1980 through the end of 1990, no fatalities had been caused by the release of hazardous materials in a train accident or incident.

Our report noted that, in FY 1990, FRA collected 59 percent of the initial penalty demand on sustainable claims in its HMTA cases, an increase from the average of 55 percent in the previous several years. We acknowledged that, in two cases identical in every respect, a final assessment of 70 percent (the level the Committee apparently believes is preferable) may be a marginally greater deterrent than an assessment of 55, or even 59, percent. Of course, there is no way of measuring that incremental benefit precisely or even proving its existence. For example, had FRA collected $3.9 million (70 percent) instead of $3.3 million in FY 90, empirically demonstrating the marginal benefits of having collected that additional $600,000 (which amounts to an additional $342 for every violation) would be nearly impossible.

We explained why, in our view, using the average collection percentage as a basis for comparison of agencies' enforcement effectiveness is apt to be misleading. The nature of the cases agencies bring, their enforcement strategies, and their regulated communities vary in many respects, which can account for differences in percentages. Moreover, there seem to be far better criteria for assessing an enforcement program's effectiveness: the actual safety record in the regulated industry; how well the program is targeted toward truly important enforcement matters; how much is collected in penalties in the aggregate and for each violation alleged; how timely the enforcement action is; and how successful the enforcement action is in actually effecting responsive action. FRA has far exceeded other DOT agencies in aggregate penalty collections, which is one measure of enforcement presence, and is nearly tied with RSPA in terms of the penalty collected for each violation.

Finally, we noted that, although RSPA and FHWA have recently collected a higher percentage of the initial demand on HMTA cases than has FRA, that phenomenon has not been the result of those agencies having a greater propensity to litigate. This chart summarizes the comparison between the agencies:

HMTA Civil Penalty Collections, FY 86-90

	Total Penalties	Penalty Per Violation	Closed Litigation # Cases	Closed Litigation Collected
FRA	$5,657,520	$1,957	1	$8,500
RSPA	1,506,888	2,057	2	1,100
FHWA	1,993,313	551*/	2	0

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*/ FY 1990 only.

In the letter transmitting our report, we stated:

> "One question we both have is whether increasing the percentage of initial assessments for which we settle cases to approximately 70 percent will enhance safety. Comparison with our sister modes did not completely answer the question. We contemplate experimenting with our OCC safety enforcement program to see whether we can increase the percentage of and the timeliness of initial assessments we collect and, if so, whether that improves safety. Of course, we will have to gauge our actions carefully. We are already collecting substantial penalties from the 608 railroads nationwide and we are headed in the right direction in improving the timeliness of our enforcement. It would not serve our ultimate goals--improved compliance with HMTA and improved safety--to sacrifice timeliness through more litigation in order to collect a few percentage points more of the initial demand."

We are considering several ideas. We are already implementing one: our Office of Chief Counsel has set a goal of collecting 65 percent of the initial penalty demand on sustainable HMTA claims received in 1990 and closed during the remainder of FY 1991, i.e., after March 31, 1991. We will address any difficulties encountered in achieving the goal; the goal's effect on timeliness of the enforcement process, including any increase in litigation experienced as a direct result of efforts to achieve it; whether achievement of the goal had any discernible effect on safety; if the goal is not achieved, the reasons why; and whether to retain the goal, discard it, or increase it.

We do not think it is wise to leap suddenly to a 70 percent goal in the remainder of this year, when many of the cases we will settle suffer from substantial aging as part of the backlog of unassessed hazardous materials cases just eliminated. Moreover, as we settle all those old cases and turn to cases involving violations that have arisen in 1991 and later, we will be moving to a population of cases that should reflect the improvements brought about by improved guidance in the hazardous materials area. That is, based on guidance provided in the January 1991 hazardous materials field manual, our inspectors are now being more systematically directed toward focusing their enforcement efforts on the most significant violations. This should improve the overall quality of our cases and strengthen our negotiators' hands, which may make a higher goal more realistic after this fiscal year.

SENATOR LAUTENBERG: In your report on this issue, you call attention to the fact that other regulatory agencies such as the Federal Highway Administration have collected a lower average penalty per violation than the FRA. What relevance do these figures have? Do you believe collecting $2,000 for a violation from a Class I railroad has the same deterrent impact as collecting $550 from an independent trucker?

ANSWER: Our report pointed out that certain other agencies have a lower average penalty per violation than FRA merely to emphasize that a comparison of agencies that focuses solely on the percentage of initial demand collected provides no useful information on comparative effectiveness. In any discussion of percentages we believe it is relevant to ask, "What differences are there in the initial amounts on which the percentages are based, and what are the results in absolute terms?" We believe collecting an average penalty of $2,000 from the average respondent in FRA's HMTA cases has a greater deterrent effect than collecting $550 from the average respondent in an FHWA case. Not all of FRA's respondents are Class I railroads; smaller railroads and shippers comprise a substantial portion of the regulated community. Nor are all of FHWA's respondents independent truckers. As we pointed out in our report, we believe the FHWA and RSPA enforcement programs are excellent, but we do not find anything in their programs that FRA needs to borrow and we do not believe these comparisons between agencies are very productive.

In the end, we believe that FRA's deterrent has two key elements: (1) the amount of the check the offender must write, and (2) the certainty that, having committed a violation, the offender must write that check. FRA both collects large amounts from offenders and has persuaded the regulated community through consistent enforcement work over the years that FRA will collect on violations recommended by its inspectors for civil penalties.

Collecting a higher percentage is not merely an act of will; railroads and shippers will ordinarily not simply pay what we demand. Moreover, we think it is sound enforcement policy to give due weight to appropriate remedial measures taken by a respondent and other mitigating factors, even if this results in a compromise below a certain target level. That is why we are setting a goal, not a flat requirement. The alternative to a compromise is, of course, litigation, and we prefer to save that unpredictable and time-consuming method of dispute resolution for the cases in which a respondent will not agree to pay what we believe is a fair amount in light of all considerations. As our letter made clear, we believe our enforcement program is already quite effective and becoming more timely, and we do not plan to sacrifice that timeliness--which is a very important element of effectiveness--in order to collect a few percentage points more of an initial demand. This Committee has been instrumental in providing us the added resources that, along with improvements in our process, have made possible our recent successes in achieving greater timeliness. We believe the Committee will recognize that the very volume of FRA's HMTA enforcement actions and penalty collections plays a strong deterrent role and that, while substantially reducing the number of such actions might make it easier to collect a higher percentage on the remainder, it would not seem prudent in terms of deterring noncompliance. While we will experiment with setting a higher percentage goal, as discussed earlier, we ask the Committee's forbearance in allowing FRA to find the proper balance between the timeliness and volume of its enforcement actions on the one hand, and the percentage collected on the other.

HAZARDOUS MATERIALS SAFETY

SENATOR LAUTENBERG: How could FRA ensure that visits by its hazmat inspectors to shipping facilities are timed to coincide more frequently with the arrival or departure of rail cars under active shipping papers?

ANSWER: FRA's approach to inspections was a focal point by GAO in their reported titled "DOT Should Better Manage Its Hazardous Materials Inspection Program" (November 1989). GAO stated that "...the inspectors we observed generally concentrated their efforts on physically inspecting tank cars and reviewing shipping documents at each inspection point, a practice, that in our opinion, is not consistent and has limited effectiveness." Consequently, it is procedures, rather than individual rail car inspections, that FRA focuses on while conducting safety audits. By reviewing a company's adherence to its own safety procedures, FRA can have a greater assurance that tank cars are being loaded and transported safely. It makes no difference whether rail cars are present or not present at the facility. In addition, to ensure that inspector visits coincide with the arrival or departure of rail cars would, therefore, tremendously drain our available inspection resources as each inspector would have to logistically plan inspections on the arrival or departure of rail cars, including arrivals and departures outside of normal working hours.

SENATOR LAUTENBERG: The GAO report on FRA's hazmat program focuses on the need for more FRA hazmat inspectors and increased enforcement of hazmat shippers. Although I understand that a comprehensive approach to hazmat safety is needed, why didn't FRA just ask for additional hazmat inspectors to focus on the shipper problems GAO identified?

ANSWER: Following the GAO audits, FRA introspectively reviewed its internal policies and procedures and inspector time allocation model to determine if improvements were needed. Based on that review, FRA made changes in its enforcement policy by placing special emphasis on the inspection of safety procedures rather than individual tank cars. This has been accomplished at the same time making modest increases in hazardous materials staffing. Two additional positions are requested for FY 1992 in light of increased responsibilities.

HAZARDOUS MATERIALS TRANSPORTATION UNIFORM SAFETY ACT OF 1990

SENATOR LAUTENBERG: In terms of workload, regulatory docket backlog, regulatory docket priorities, and manpower needs, what is the impact on FRA of the Hazardous Materials Transportation Uniform Safety Act of 1990? Which sections of this Act will FRA be charged with implementing? How will these actions be undertaken?

ANSWER: Independent of other FRA regulatory agenda items, the new Act will have an increasing impact on FRA's available resources. The new Act requires rulemaking on State Participation and the unauthorized use of pre-1971 tank cars without reinforcement pads on bottom discontinuities. The Act will require an amendment to FRA's Enforcement Procedures and possible future rulemakings based on the findings of the mode and route, dedicated train, and new tank car design studies.

Under the Department's Legislative Implementation Plan, FRA is charged with carrying out the duties specified in § 15 of the Act associated with the Railroad Transportation Study; and Safe Rail Transport of Certain Radioactive Materials; § 19 establishing prohibitions on the use of certain tank cars for hazardous materials; § 21 Railroad Tank Car Study; and § 28 State Participation in Investigations and Surveillance. The Legislative Implementation Plan also requires FRA to coordinate in the development of the following sections: § 4 International Uniformity; § 6 Disclosure requirements; § 7 Handling of Hazardous Materials; § 8 Registration requirements; § 15 Mode and Route Study; § 17 Training Curriculum; § 25(a) Improvements in Hazardous Materials Identification Systems; § 25(b)(c) Central Reporting System and Computerized Telecommunications Data Center Study; § 25(d) Data Center; and § 29 Retention of Markings and Placards.

FRA's Office of Research and Development has started preliminary planning efforts to release a contract on the two rail studies, and FRA's Office's of Safety and Chief Counsel are developing rulemakings on the prohibition of certain tank cars in hazardous materials service and State Participation.

SENATOR LAUTENBERG: FRA has frequently been late in meeting mandatory report and regulation deadlines specified by Congress. In view of this record, what steps have you taken to conduct the three studies required by the Hazardous Materials Transportation Uniform Safety Act of 1990?

ANSWER: FRA has started preliminary planning to conduct the studies. However, no work has been initiated due to lack of funding.

SANITARY FOOD TRANSPORTATION ACT OF 1990

SENATOR LAUTENBERG: In terms of workload, regulatory docket backlog and priorities, and manpower needs, what is the impact on FRA of the Sanitary Food Transportation Act of 1990?

ANSWER: Independent of other FRA regulatory agenda items, the new Act will have an increasing impact on FRA's available resources. At present FRA is providing one FTE for the rulemaking. Implementation of the Act will require FRA to develop and conduct an inspection program comparable to FRA's hazardous materials inspection program.

SENATOR LAUTENBERG: How will you enforce this Act?

ANSWER: Although it is very early in this rulemaking, it is anticipated that much of the enforcement will rely upon routine surveillance of records combined with spot checks of shipments at shipping and receiving locations. There will also be a program to investigate complaints and incidents involving food shipments. Evaluation of complaints and investigations will rely heavily on the human senses; however, if a food shipment is suspect of being contaminated, laboratory analysis may be employed.

SENATOR LAUTENBERG: What training have you provided Federal and State inspectors to enable them to effectively enforce this Act?

ANSWER: The workgroup developing this rulemaking has not yet completed discussing the training nor the qualifications that may be needed for inspectors enforcing this Act.

SENATOR LAUTENBERG: Is it correct that most food-carrying tank cars are dedicated to only food materials?

ANSWER: Based on a preliminary evaluation, research indicates at this time that many food-carrying tank cars are dedicated to similar if not the same foodstuff.

SENATOR LAUTENBERG: Please discuss the type of rail service where FRA expects to find violations of regulations issued pursuant to the Sanitary Food Transportation Act of 1990?

ANSWER: It is anticipated that the majority of violations will be found with boxcars for the following reasons: There are many more boxcars than tankcars; tankcars often appear to be dedicated and carry only one commodity per tank; boxcars are not as tightly controlled, but more importantly they are not commonly dedicated vehicles. Also, it is common to carry more than one commodity per car which increases the chance for contamination. Another consideration is that the boxcars are more difficult to clean because the interior surfaces are porous wood in comparison to the more impervious metal or plastic coated tankcars, thus creating an opportunity for contaminating subsequent shipments.

SENATOR LAUTENBERG: What was the empirical basis for FRA's request for 40 Sanitary Food Transportation Inspectors and Specialists?

ANSWER: This estimate was derived directly from FRA's experience in administering the Hazardous Materials Transportation Act. The most important factors are the relative number of shipments, shipping and receiving points, units of rail equipment, and the degree of surveillance necessary to adequately enforce the Act. It is known from our review of waybill statistics on food shipments that the number of food shippers, consignees, rail cars and containers will be at least as large as for transportation of hazardous materials (estimated 61 person years of activity in FY 1992). We are not presently able to determine the precise level of field activity that would be warranted for this program. However, if the program is structured like the hazardous materials program, it is believed that 40 inspectors would be a minimum complement to verify compliance and address identified problems.

SENATOR LAUTENBERG: What is known about exposure and risks in the rail mode to the safety of food and food materials?

ANSWER: FRA is aware that commodities are sometimes contaminated during rail shipment; however, FRA is not aware of many significant incidents. FRA is not aware of any risk analysis that has been conducted in the rail industry for food shipments. FRA has reviewed the Environmental Protection Agency's (EPA) Report to Congress, "Study of Joint Use of Vehicles for Transportation of Hazardous and Nonhazardous Materials." We concur with EPA that additional studies may be valuable in accurately targeting areas that require closer surveillance.

SENATOR LAUTENBERG: What is known about accepted inspection protocols and methodology for the FRA inspectors that will be enforcing this statute?

ANSWER: FRA has its own inspection protocols and methodology for evaluating shipments of hazardous materials in the rail industry. It is anticipated that the food safety inspection program FRA develops may use this successful program as a template. The Department of Transportation task force developing the regulation is also investigating food safety programs and draft programs that other Federal or State agencies have developed and the food safety programs of individual companies and associations. These efforts, when combined, should provide FRA with an adequate inspection program that has its basis in other proven programs.

SENATOR LAUTENBERG: Why didn't FRA take a more conservative approach and ask for 20 safety specialists to first assess the scope and nature of the problem?

ANSWER: FRA considers 39 positions to constitute a conservative request, given the mandate of Congress to address this issue and the volume of commerce involved.

SENATOR LAUTENBERG: Why can't other FRA inspectors such as operating and maintenance and your hazmat inspectors also watch out for violations of the Sanitary Food Transportation Act of 1990?

ANSWER: The other FRA inspectors are all very busy with their current assignments. If these inspectors were assigned additional and different duties, there would be a degradation of safety in the areas of railroad safety they are now covering.

SAFETY DEFICIENCIES AT SEPTA

SENATOR LAUTENBERG: Mr. Carmichael, the NTSB just came out with some preliminary findings regarding the tragic SEPTA accident last March. The NTSB found serious deficiencies in SEPTA's inspection, maintenance, and quality control program. Your agency is responsible for inspecting a part of the SEPTA system. What can you report to us regarding your recent inspections of the SEPTA system?

ANSWER: Field inspectors from the Federal Railroad Administration (FRA) have conducted a sizeable number of recent safety inspections of the commuter lines known as the Regional High Speed Line (RHSL) of the SEPTA system. It is concluded that personnel from the RHSL, in most instances, conduct safety inspections in accordance with Federal regulations and guidelines. Also, compliance with codified inspection, testing, and maintenance requirements is about average for this type of operation.

SENATOR LAUTENBERG: The Philadelphia Enquirer recently revealed some internal SEPTA documents that indicated that there were some serious deficiencies in some major structural components of the elevated line running through Philadelphia. These documents cited portions of the elevated line as "critically deteriorated." A SEPTA structural engineer stated that he was fearful that the weight of the riders waiting on some of the crumbling platforms could result in a catastrophic collapse. Do you currently have regulations regarding the structural safety of platforms? Does UMTA?

ANSWER: Neither the Federal Railroad Administration nor the Urban Mass Transportation Administration have safety regulations for passenger platforms.

SENATOR LAUTENBERG: Who performs safety inspections on these types of platforms?

ANSWER: Safety inspectors from the Federal Railroad Administration will bring to the railroads' attention any unsafe passenger platform conditions observed when performing regular inspections.

SENATOR LAUTENBERG: Your agency did a safety audit of SEPTA just a few years ago. What safety deficiencies did you find over the SEPTA system?

ANSWER: During the 1985 safety assessment of SEPTA, it was concluded that safety problems existed including: inadequacies in training and testing; questionable operating practices; continued use of worn, antiquated, and deteriorated equipment; and record and data deficiencies. Also, the assessment isolated several areas in which the human factor associated with safety was adversely impacted by unsuitable working environments. Additionally, the signal system was found to have a high defect average and records of signal tests were not readily available.

SENATOR LAUTENBERG: In your view, has SEPTA adequately addressed these deficiencies?

ANSWER: Yes. Since the assessment and the subsequent followup inspection in 1986, SEPTA (RHSL) proceeded to alleviate the assessment concerns and bring operations, equipment, and fixed facilities into compliance with federal requirements. It is our conclusion that RHSL is average in compliance with Federal requirements.

PREVENTION OF TRANSIT-FREIGHT INCURSIONS OR COLLISIONS

SENATOR LAUTENBERG: Within recent years, there has been renascent expansion of rapid and light rail transit and the popular use of existing transportation corridors particularly railroad rights-of-way. Many rail transit systems and railroads are closely located, such as on the Washington Metropolitan Area Transit Authority's "Red Line" shared with CSX freight trains, or Port Authority Trans Hudson's Newark line shared with Conrail freight trains. What is the FRA doing to ensure that there are no incursions and collisions between rail transit and railroad trains in the event of a derailment, especially when most transit cars are not designed for a collision with heavy railroad freight or passenger cars?

ANSWER: Incursion detection and response is the responsibility of transit systems that elect to co-locate in existing rail corridors. FRA endeavors, through appropriate attention to safety compliance, to prevent derailments and other events that might adversely impact members of the public utilizing adjacent properties.

SENATOR LAUTENBERG: Are there any design standards being considered or coordinated by the FRA with the AAR, the Urban Mass Transportation Administration (UMTA), or the American Public Transit Association (APTA)?

ANSWER: It has been the position of FRA that, since the transit operation almost invariably was the late-arriving partner in corridors shared with conventional railroads, the Urban Mass Transit Administration had primary oversight in addressing this issue. Admittedly, FRA has been an interested observer as UMTA acted as host agency for submission of ideas of the Texas Transportation Institute for improved modal separation in these shared corridors. In brief, the TTI concept envisages the use of strengthened versions of the so-called New Jersey Barriers that are commonly used to separate highway traffic lanes as a means of avoiding transit/railroad incursions. TTI has carried out analytical studies that suggest feasibility and all that is needed to demonstrate (probable) success is financial support. It is at this point that the promotion of the new idea collides with fiscal reality.

Most shared corridors are separated today by intrusion detection barriers that alert train/transit control centers of impingement. Demonstrably, these systems work well in the majority of cases - which themselves are not too frequent - but one contingency is not covered. That is the occasion when a derailment occurs while rail/transit equipment is passing. Such an event has not yet happened and, given the generally prevalent efforts of rail/transit managements to avoid the scheduling of simultaneous operations as much as possible, the probability of occurrence shrinks to a very low value. Consider: derailments do not occur as frequent events and, in any case, exposure is reduced to an absolute minimum. These two factors do not lend a sense of urgency to move forward with what would be an expensive UMTA program. While the concept remains under review in UMTA, it must struggle in competition with other priorities for available resources.

SAFETY DATA

SENATOR LAUTENBERG: Please provide the following: Data on trends in railroad safety for the last 5 years including preliminary calendar year 1990 data: (1) showing number of accidents and incidents and fatalities, injuries, and property damage therein; and (2) giving comparable data for highway-rail grade crossings.

ANSWER: The following data is provided.

TRAIN ACCIDENTS (Other Than Highway-Rail)

Year	Accidents	Killed	Injured	Damages ($)
1990	2,871	10	447	196,615,688
1989	2,898	16	311	190,193,559
1988	2,854	18	471	179,569,402
1987	2,512	36	453	167,397,367
1986	2,620	13	948	160,329,044

HIGHWAY-RAIL ACCIDENTS/INCIDENTS

Year	Accidents	Killed	Injured
1990	5,663	691	2,360
1989	6,525	801	2,868
1988	6,615	689	2,589
1987	6,391	624	2,429
1986	6,396	616	2,458

OTHER INCIDENTS (Train and Non-train)

				Employees[1]		Trespassers[1]	
Year	Incidents	Killed	Injured	Killed	Injured	Killed	Injured
1990	22,307	591	22,033	25	20,377	539	551
1989	23,737	507	23,536	33	21,742	440	528
1988	24,086	492	23,994	31	22,153	445	559
1987	23,356	505	23,151	37	21,634	449	441
1986	23,738	462	23,517	47	22,071	393	459

[1] Employees and trespassers are two of six categories of fatalities and injuries under other incidents and include a majority of the casualties.

The majority of injuries in the "OTHER INCIDENTS" category involve railroad employees performing track and equipment maintenance while most fatalities include trespassers. The number of employee and trespasser cases appearing in the total counts are displayed separately.

NOTE: There was a total of 39 employee-on-duty fatalities reported in 1990. Of these, 20 occurred in train accidents and train incidents (as mentioned in the Administrator's testimony), 5 in highway-rail collisions, and 14 in non-train incidents. A "non-train" incident is an event that results in death or injury, but did not involve moving on-track equipment nor damage over the threshold required for train accidents.

NATIONAL TRANSPORTATION SAFETY BOARD

SENATOR LAUTENBERG: We understand that FRA and NTSB have improved their working relationships and that FRA is making some definitive progress on many NTSB recommendations. Would you elaborate on this?

ANSWER: Currently, there are 52 recommendations from the NTSB to FRA remaining open. This is down from 67 on January 1, 1991. When we receive the reply from the NTSB on the equipment and operating practices groups, the number will be reduced further.

Five meetings were held in 1990 on recommendations. March 30 (Most Wanted List), May 17 (Hazardous Materials), June 25 (Grade Crossings), July 23 (Operating Practices) and September 18 (Track, Equipment and Signals).

Four letters were sent to NTSB updating status on all the recommendations. July 3 (Hazardous Materials), September 4 (Grade Crossings), September 21 (Operating Practices) and November 30 (Track, Equipment and Signals). Replies have been received on hazardous materials, grade crossings, track and signals.

There is only one recommendation to the FRA on the most wanted list and it pertains to train control/separation. There are other issues affecting FRA, such as hours of service, alcohol/drugs and transportation of hazardous materials on the NTSB's list. However, these recommendations are addressed to the Office of the Secretary of Transportation or the Research and Special Projects Administration.

We have indicated agreement in principal regarding Train Control/Separation. However, there are practical (cost) limitations pending the perfection of new technology. A report to Congress mandated by the Rail Safety Improvement Act of 1988 is in the clearance process.

There are three open recommendations addressing crash protection, sill heights and shelf couplers. The AAR adopted crashworthiness standards for locomotives built after August 1, 1990. They include anticlimber devices, collision posts and increased hood steelplate thickness. We have stated to the NTSB that these are adequate and consistent with the Chairman's thoughts last March. The Office of Research and Development has a contract for further evaluation, modeling and comparison of variables.

NTSB has recommended that we expedite the rulemaking requiring event recorders. We have informed them that an Advance Notice of Proposed Rulemaking was issued and the Notice of Proposed Rulemaking will be issued shortly.

NTSB has recommended that radios be required, maintained and compatible. Hearings were held in 1987. We have told the NTSB the equipment has vastly improved in recent years, multiple channels are being used, they are already being used widely, and that further action is not contemplated.

FEDERAL GOVERNMENT'S ROLE IN MAGLEV

SENATOR LAUTENBERG: Mr. Carmichael, if we accept your budget for Maglev research this year, we will have invested about $30 million in the Department of Transportation. Much of this funding has been requested for FRA to "determine the appropriate federal role" in the future of Maglev. When do you expect to come to some kind of conclusion to this question?

ANSWER: The Department of Transportation, the U.S. Army Corps of Engineers and the Department of Energy have formed an interagency partnership to "determine the appropriate federal role" in the future of maglev. As part of this effort, named the National Maglev Initiative, the Department of Transportation is preparing to award contracts to the private sector to perform technology assessments, system concept definition studies and economic and market analyses. These contracts will provide the information for evaluation by the Interagency Team. By October 1992, the team will prepare recommendations which will be based on the results of these activities, an assessment of the potential for Maglev development in this country, and evaluation of the appropriate role(s) for the Federal government.

SENATOR LAUTENBERG: Will we see any Maglev systems in commercial service within the next five years?

ANSWER: The Orlando Maglev project is planned to be in operation in 1995. There are no other high speed U.S. maglev projects scheduled to be in operation within the next five years.

SENATOR LAUTENBERG: How regularly do the German and Japanese currently run their test tracks? Do we know anything about the likely annual maintenance costs of a Maglev system using either the German or Japanese technology?

ANSWER: On the Miyazaki Test Track the Japanese MLU 001 maglev vehicle ran 25,000 miles or "once around the world" in 6 years. MLU 002 has run 10,000 miles since its debut. At Emsland, the German Transrapid TR07 had accumulated 62,000 miles through August 1990. Since both these facilities are test tracks designed for revealing deficiencies and opportunities for improvement, most of the time is spent in making modifications and improvements to both the vehicle and guideway. We do not have information on maintenance costs, but as far as can be determined, there has been no alignment maintenance required on the Transrapid guideway; however, motor windings on the guideway have worked loose and a new fastening process had to be developed.

SENATOR LAUTENBERG: How many steel-on-steel high speed rail systems are currently in commercial service around the world?

ANSWER: There are several steel-on-steel high speed rail systems currently in commercial service: Sweden has the X2000 tilt train, France the TGV, Italy the ETR 450 Pendelino, Japan the Skinkansen "Bullet Train," and, scheduled to begin service in June 1991, the German ICExpress.

SENATOR LAUTENBERG: Why does your budget for 1992 propose to spend $14 million on Maglev research and only $1 million on research on traditional high speed rail systems?

ANSWER: The research and development for high speed rail technology has already been done (mostly outside the U.S.) and high speed rail systems are routinely operating in Europe and Japan. The FRA is now faced with the responsibility for setting safety standards that these systems must satisfy in order to begin operating in the U.S. The technology and safety research on high speed rail systems has been done. The cost of assuring the safety of those systems proposed for implementation in the United States is estimated to require $1 million in FY 1992. With regard to maglev technology, there is so much that we need to learn about the safety and the potential of the technology. Moreover, the opportunity may still exist for the U.S. to play a larger role than accommodating the introduction of foreign technology. The $14.5 million requested for maglev R&D will be used to develop and test maglev safety requirements and to determine whether the U.S. can and should overtake foreign maglev technology, as well as define the characteristics of potential systems.

SENATOR LAUTENBERG: Please provide for the record a complete list of all Maglev research projects that you expect to execute by grant or contract. Please specify the appropriations year from which funds are being derived, when such contracts were signed or will be signed, when each contract is expected to be completed with findings reported, and the amount of funding associated with each contract. Please supply this data for all research projects, both in the FRA and in the Army Corps of Engineers.

ANSWER: The Maglev research projects planned to be executed have not been awarded as of this date, with the first contracts to be awarded in April, 1991. We plan to award over thirty research contracts. Most of these contracts will utilize FY 1991 and FY 1992 funding from the Federal Railroad Administration and the U.S. Army Corps of Engineers. Since we have not yet awarded our first contract, we are unable to reveal the particulars of each effort until the agreements are finalized. The scope of these efforts covers the broad spectrum of topics relating to vehicles, guideway design, control systems, and system wide considerations as well as system concept definitions. It is anticipated that a total of $5.5 million will be available from both FRA and the Corps in FY 1991.

MAGLEV DECISION DATE

SENATOR LAUTENBERG: When will the Department reach a decision on the future Federal role in maglev? What are the choices being considered? How can you assure that this decision juncture does not slip?

ANSWER: The study phase of the National Maglev Initiative currently underway will result in a recommendation by October 1992 of the future Federal role in maglev. The choices being considered range from the Federal Government and private sector supporting a full development and demonstration program to provide a U.S. system, along with the availabiity of funding from existing transportation assistance programs, to a minimum Federal role of safety regulation of foreign maglev technologies implemented in the U.S. market. The FRA has established a program office to focus on management of the Maglev Initiative with appropriate staffing from the U.S. Corps of Engineers and the Department of Energy along with a proactive program control function, which will assure a recommendation by October 1992.

SENATOR LAUTENBERG: FRA talks about "leap frogging" technology to advance a U.S. System beyond what the Germans and Japanese are doing in maglev. Are we really talking about a "leap of faith" that the U.S. private sector is ready, willing, and able to pay the billion dollars or so necessary to achieve this technological feat?

ANSWER: The expression "leap frogging" is used by some people to indicate that there is a requirement for any advanced system to have major advantages over existing alternatives. FRA is sensitive to the need to justify any major technology development program and it is the major thrust of the National Maglev Initiative to perform an assessment of the appropriate federal role and to justify any action that might be recommended.

INCREASE IN FY 1992 MAGLEV FUNDS

SENATOR LAUTENBERG: Your FY 1992 request for maglev is a substantial increase over the FY 1991 appropriation. Most of the research and studies that will be supported with these funds will still be underway by the time that FRA is supposed to make a decision on its future role in maglev. Consequently, why do we need to fund such a large increase in maglev research and related studies in FY 1992? Won't we be able to make an informed decision based on the $10 million of research to be spent in FY 1991?

ANSWER: The 1992 recommendations will address the issue of what role maglev will play in U.S. transportation in the future and what Federal actions should be undertaken. The research covered by the FY 1992 request has an important use beyond the FY 1992 recommendations and decision. Laboratory testing, simulations, site specific studies and other activities in the FY 1992 request are necessary to enhance the FRA and industry knowledge of this emerging technology. This kind of research is essential regardless of the approach taken for the implementation of maglev in the U.S. Credible recommendations cannot be made on the basis of results from the FY 1991 work because it does not include all the sophisticated modelling and testing work nor the broad spectrum of market situations necessary for the evaluations. In addition, the contracts initiated using FY 1991 funding require additional funding in FY 1992 in order to complete the work. Most of the system level evaluation activities will require FY 1992 funds.

MAGLEV FUNDING

SENATOR LAUTENBERG: Mr. Carmichael, your own agency did a survey of private industry to ascertain their level of interest in investing in a new U.S. Maglev system. Let me read to you some of the findings.

-- "In spite of a strong or moderate interest in maglev R&D participation, the overall reaction to cost-sharing in R&D was negative."

-- The great majority of the companies you interviewed said that they would require 100 percent federal government funding if they were to do research and development on Maglev.

- In general, industry said that the federal government would be required to put up 90 percent or more of the financing of a Maglev system through the demonstration phase.

These findings indicate to me, Mr. Carmichael, that the private sector is not willing to put up their own money until they see a prototype system in operation. Is your agency prepared to request the huge sums in future years that will be necessary to develop a prototype Maglev system?

ANSWER: The purpose of the FY 1991 and 1992 maglev program is to determine the potential role of maglev in the future U.S. transportation system and to recommend a Federal role. These studies will examine the issues raised by the industry survey. There are a number of possible options starting with implementation of existing technology, with minor modifications, requiring relatively small amounts of additional R&D to the development of a new prototype design based on U.S. technology. The FRA continues to believe that a Government/industry partnership is required, but that the Government role in funding will need to be carefully evaluated during this next phase of the program.

MAGLEV R&D COST SHARING

SENATOR LAUTENBERG: Please provide a list of those companies that have signed contracts to conduct either technology assessments or systems concept design work on maglev for FRA. Are these the same companies that will be investing their own capital in maglev projects?

ANSWER: To date there have been no awards made for technology assessments or system concept definition on maglev. We anticipate that contract awards will be started in April 1991 and continue throughout FY 1991. The firms being considered cover the range of small entrepreneurs, academia, large R&D firms, construction firms and consortia. It is not clear whether these firms will in fact participate in future program activities.

SENATOR LAUTENBERG: For each of the contracts and awards that have been issued thus far in the maglev research and development program, please identify what the percentages are for cost-sharing of non-Federal dollars.

ANSWER: To date, no awards of contracts have been made in the maglev research and development program. We are unable to identify any cost-sharing arrangements until the negotiations are finalized.

TRB ADVICE ON MAGLEV

SENATOR LAUTENBERG: I am pleased that FRA intends to make effective use of the Transportation Research Board (TRB) to oversee your maglev research program. What will TRB be doing in conjunction with the 1992 or 1993 decision that FRA intends to reach regarding its future role in maglev?

ANSWER: The 15-member TRB Committee for Critique of the Federal Research Program on Magnetic Levitation Systems will review and comment on the program activities of the Federal Interagency National Maglev Initiative. This will insure that private sector industrial views are accounted for in any determination that may be reached by FRA and the interagency team.

SENATOR LAUTENBERG: What does the Administrator think of also requesting the TRB to help advise the Secretary as well as the Congress on what should be the future role of the Federal Government in maglev research, development, and demonstration?

ANSWER: The presently underway TRB "Study of High Speed Transportation in High Density Corridors in the United States" and the Office of Technology Assessment "Study on New Ways: Tiltrotor and Magnetic Levitation" will no doubt provide the Secretary with information that will assist him in answering the question of the Federal role. The TRB study is jointly funded by FAA, FHWA and FRA in a contract awarded by the Office of the Secretary in an effort to answer this question. The FRA is in full support of these studies. We believe that they are sufficient and that no additional TRB study needs to be commissioned.

STATE COST-SHARING AGREEMENTS

SENATOR LAUTENBERG: With respect to the proposed $2.2 million for cost-sharing agreements with States to study the right-of-way issue and the ridership potential of maglev, are these studies premature, especially when we don't know what the cost of a possible maglev ticket will be, what technology will be available, and what role the private sector will play in terms of financing such systems?

ANSWER: These site-specific studies are timely and absolutely essential for determining the role of maglev in future U.S. transportation. We have developed a comprehensive plan for identifying the maglev technologies likely to be available for use in the United States in the future and for forecasting the aggregate size of the market for those technologies. Forecasts will be based on technology concept designs and cost estimates developed by industry teams and analyzed in site-specific market situations. Each of the design concepts will be analyzed, using the demographic and transportation rights-of-way characteristics of each of the markets studied. Such studies are essential for providing verifiable results needed to stimulate industry interest. The aggregate of the individual site-specific studies will be used to determine the potential maglev market. The plan also calls for the analysis of a number of fare pricing strategies for maglev technologies as well as likely competing transportation modes. This work will provide for a better understanding of the impact of pricing on revenues and ridership.

SENATOR LAUTENBERG: Was this initiative originally requested by the States or did FRA develop this idea?

ANSWER: FRA developed the idea to obtain the data for an assessment of the role of maglev in the U.S. and to forecast the potential size of the maglev market. Such an assessment is built on an analysis of various market situations and requires certain site-specific information. This proposal allows FRA to work in concert with continuing transportation planning activities at the State and regional levels to reduce our study costs. Since the budget request was released, we have had a number of inquiries from States and local governments interested in such a cooperative effort.

SENATOR LAUTENBERG: Why should States conduct market studies? Aren't such studies best performed by private sector consortia interested in maglev?

ANSWER: This request is not based on States conducting market feasibility studies, although such studies are or soon will be underway in New York, Maryland, Virginia, California and Pennsylvania. The majority of the grants will be for cooperative data collections that FRA will use to forecast ridership and assess the utility of existing rights-of-way for maglev and that the States will use for a variety of other transportation planning purposes. Since the States will also benefit, we believe that they will pay a share of the costs of these studies. With regard to States conducting market studies, these studies are usually the first assessments of the economic viability of high speed rail. Such studies provide a first assessment of market feasibility and, if positive, stimulate public and private interest. Private investors usually undertake more focused studies in the next step. At least, this has been the pattern in market studies funded by the FRA.

GUIDEWAY DESIGN

SENATOR LAUTENBERG: Why is the research on guideway design being requested by FRA instead of the Corps of Engineers?

ANSWER: The comprehensive research of guideway design is jointly coordinated and accomplished by FRA and the Corps of Engineers as part of the National Maglev Initiative. The two agencies are working together to insure that there is no unnecessary duplication of effort.

MANPOWER REQUIREMENTS FOR MAGLEV

SENATOR LAUTENBERG: In view of the fact that DOT has not decided what role it should have in the future of maglev, why does it make sense to authorize several new permanent positions for maglev? Couldn't the increased workload be handled by consultants, contractors, or temporary Federal employees? If the National Maglev Initiative is terminated, will these employees be used solely for the conduct of FRA's research related to maglev safety?

ANSWER: More than the four positions requested will be needed to execute the FRA maglev program. We have asked only for the number of positions we believe can be sustained regardless of the final maglev implementation decision. (The remainder will be filled by consultants, contractors, part-time detail assignments and similar arrangements.) Since it appears to be a virtual certainty that maglev systems will be introduced here, there will be a continuing Federal role in the safety area, at a minimum. In addition, there are the systems integration area, environmental assessment, and intermodality planning, as well as a number of other issues, that would require an FRA role supporting the introduction of existing maglev technology through the efforts of state and local governments and the private sector.

SENATOR LAUTENBERG: How many additional FRA research personnel to support the maglev program were originally requested by FRA in its request to OST? To OMB? How were each of the additional positions requested to be used?

ANSWER: Eight additional staff positions and full-time equivalents (6 engineers and 2 clerical) were initially requested of the Office of the Secretary of Transportation (OST). This request was reduced to six positions and three full-time equivalents (5 engineers and 1 clerical) in the request to OMB. The eight original positions were to establish a multidisciplinary team consisting of a General Engineer, Civil Engineer, Mechanical Engineer, Electronics Engineer, Dynamics Engineer, a Human Factors Engineer, and two administrative support personnel to address the National Maglev Initiative and the expanded Maglev and Very High Speed Rail Safety and Human Factors mission.

MAGLEV CONSTRAINTS

SENATOR LAUTENBERG: The Rail Safety Improvement Act of 1988 delineated the Secretary's responsibility over the safety aspects of maglev. What progress has FRA made to ensure that maglev systems are safe at speeds in the neighborhood of 300 mph?

ANSWER: The FRA has formed the High Speed Rail Safety Task Force to address these issues. It has been in operation since the summer of 1989. Through a bilateral science and technology exchange agreement with the German government, we have gained access to virtually all of the safety assurance work done in connection with the development of the Transrapid Maglev scheduled for demonstration at Orlando, Florida by the mid-nineties. Over 220 test report documents have been reviewed by the task force which has and will continue to witness safety testing at the Emsland test track in Germany.

SENATOR LAUTENBERG: Has FRA developed a detailed five year strategy for its research on maglev safety?

ANSWER: The FRA has mapped out a six-year strategy based upon what is known to be the likely development in maglev technology over that time period. Obviously, the strategy is closely tied to actual system developments and deployment at operational sites. During this period the FRA envisions 15 major reportable milestones.

SENATOR LAUTENBERG: Which FRA inspectors will be trained to oversee the safety of these systems? How will they be trained?

ANSWER: From what is known at this point, it appears the FRA will have to train specialized inspectors for this new technology. Through our safety research program, we expect to identify the knowledge, skills and abilities that will be needed to perform the maglev inspector function. Once done, a training program will be structured using contract trainers working with the system developers and the FRA research team.

SENATOR LAUTENBERG: What progress has been made in identifying and effectively dealing with the institutional and regulatory barriers to maglev?

ANSWER: The FRA Maglev Safety Task Force has already published its initial report, "Safety of High Speed Magnetic Levitation: Preliminary Safety Review of the Transrapid Maglev System," which indicates areas requiring rulemaking actions necessary to accommodate maglev. The team is now reviewing a German-developed maglev train safety requirements document to determine its suitability for use in developing U.S. maglev standards or guidelines. The report, "An Industry Perspective on Maglev," identified the institutional barriers affecting maglev development. With the National Maglev Initiative, we are attacking several of the barriers identified. Others will require action by the Congress.

SENATOR LAUTENBERG: FRA reports that guideways and associated facilities account for about 80 to 90 percent of overall maglev capital costs. What is FRA doing to reduce these costs? What are other Federal agencies doing?

ANSWER: The FRA, the Corps of Engineers and the Department of Energy are working in a partnership to reduce the cost of the guideways and related facilities as part of the National Maglev Initiative. We are on the threshold of awarding a number of contracts to identify ways of lowering guideway costs such as reducing loads, using innovative structural materials or superstructure configurations, and evaluating cost saving fabrication and erection techniques. These efforts, when combined with the system concept definition efforts, will define possible means of minimizing the guideway capital costs.

DANGER OF ELECTRO-MAGNETIC FIELDS

SENATOR LAUTENBERG: Last year, this Committee earmarked not less than $500,000 specifically for the study of the potential health risks from the magnetic fields generated by maglev systems. You were instructed to coordinate your efforts with the EPA, the Energy Department and other federal agencies in conducting this research. Please describe your progress to date on this initiative.

ANSWER: The FRA, with technical and administrative support from the Volpe National Transportation Systems Center (VNTSC), has established Interagency Agreements with both the EPA and the DOE/Argonne National Laboratory (ANL) for expert research support. The EPA is assisting with human health effects definition and has also included maglev R&D in its National Research Agenda on Health Effects of Non-Ionizing Radiation, and is keeping the FRA informed on developments relative to biological and health research results. The DOE/ANL has begun conducting a multiyear program of laboratory experiments involving maglev-like magnetic field exposures of cells and animals.

SENATOR LAUTENBERG: Have you collected data from both the German and Japanese test tracks? Don't these two types of technology pose very different levels of risk?

ANSWER: The FRA contracted with Electric Research and Management, Inc. (ERM), an experienced Electric Power Research Institute (EPRI) contractor, to conduct comprehensive measurements of magnetic fields of the German Transrapid, TR-07 maglev vehicle in August 1990. Preliminary results indicate that these fields are on the average smaller than earth's field (which is about .5 Gauss or 500 milligauss (mG) at mid-latitudes, but goes up to .8 Gauss near the poles). In the passenger cabin, they range from less than 10 milligauss at head level, to about 100 - 300 milligauss at floor level. Waiting area fields are below about 5 mG when the maglev passes, and the level rises to 50 mG (still ten times lower than earth's field) at guideway centerline when the train passes. These average magnetic fields, at and near the maglev subsystems locations, are no higher than, and within the range of, those typical of household appliances, power distribution and transmission lines, and common occupational environments.

The Japanese superconducting maglev test track was not available for measurement, since a new and longer test track is under construction. However, published data on the Japanese MLU vehicle magnetic fields indicate that cabin and guideway magnetic fields are substantially higher than for the German maglev: cabin fields range from 200 Gauss at cabin floor level to 10 Gauss at head level, i.e., from 20 to 400 times larger than the earth's field. These stronger magnetic fields may be cause for concern.

SENATOR LAUTENBERG: What other federal agencies are you working with on this initiative?

ANSWER: Within the DOT, the FRA is collaborating with UMTA to conduct measurements of extra low frequency (ELF) magnetic and electric fields associated with existing rapid transit systems, such as the older Boston "T", the Washington Metro and the San Francisco BART. This is of interest in order to compare maglev transportation systems with existing systems. Also of interest is existing Northeast Corridor electrified high speed operations and foreign high speed systems such as the French TGV which may find an application in the U.S. Since the issue of health effects of ELF fields is clearly an intermodal health and safety issue, the FRA will inform other modal Administrations of its research findings and conclusions. Beside the UMTA, EPA and DOE collaboration, the VNTSC has made connections with the National Institute of Occupational Safety and Health (NIOSH), which is preparing a National Research Agenda on Occupational Health Hazards of Electromagnetic Fields.

SENATOR LAUTENBERG: How much of the FY 1992 budget will be allocated to this research area?

ANSWER: It is expected that $650,000 will be allocated to this research in FY 1992.

SENATOR LAUTENBERG: Please provide a detailed table describing all expenditures associated with this earmark for FY 1991 and anticipated expenditures for FY 1992.

ANSWER: The following table lists these estimated expenditures for FY 1991 and 1992:

Expenditures for Electromagnetic Fields Research and Potential Health Effects

FY 1991:

Provider	Amount	Purpose
EPA	$110,000	Health Effects Definition
DOE	220,000	Laboratory Experiments for Exposure of Cells and Animals to EMF
Electric Research & Management, Inc.	180,000	EMF Measurements and Analysis of Public Ground Transportation Systems
National Transportation Systems Center	50,000	Technical Support
	$560,000	

FY 1992:

Provider	Amount	Purpose
EPA	$140,000	Health Effects Definition
DOE	250,000	Laboratory Experiments for Exposure of Cells and Animals to EMF
Electric Research & Management, Inc.	210,000	EMF Measurements and Analysis of Public Ground Transportation Systems
National Transportation Systems Center	50,000	Technical Support
	$650,000	

SENATOR LAUTENBERG: Please note if any of these expenditures were requested as part of your FY 1991 budget request.

ANSWER: An estimated $250,000 was originally requested for study of the potential health effects of EMF as found in maglev and high speed rail systems. During the budget execution process additional information indicated a more complex issue existed than had been anticipated.

SENATOR LAUTENBERG: What is currently known about the health and safety aspects of magnetic fields from various types of maglev systems?

ANSWER: There is no direct evidence specifically linking maglev-generated magnetic fields to adverse health impacts. The potential for maglev health impacts, due to its power generation and distribution system and guideway propulsion and levitation magnets, will probably be similar to other electrified urban and intercity transportation systems and facilities. Therefore, FRA research plans are to provide baseline data for comparing maglev with other proposed high speed rail and mass transit technologies and with existing systems and urban environments. Health hazards, if any should be identified, must be placed in a relative risk and benefit context and appropriate remedial action taken where warranted.

The present state of scientific knowledge is too rudimentary and conflicting to serve as a basis for regulations or guidelines limiting exposure to ELF fields. There are several reasons for this uncertainty:

First, the specific electric and/or magnetic field characteristics that could be hazardous to people (frequency ranges, fields strength, and continuous or intermittent exposure duration) are presently unknown.

Second, the ELF exposure history cannot be easily separated from other confounding health factors in epidemiological studies. Life evolved in Earth's magnetic field, which changes continuously due to reversals, polar wander, solar activity (magnetic storms), and induced electric currents which cause magnetic micropulsations. The human body generates EMFs from bio-activities, and also responds with induced electric and magnetic fields due to external EMF.

Third, it is difficult to define the nature and severity of ELF/EMF health hazards, given the complexity of biological responses reported by researchers. However, among the clear adverse effects found to date are depressed melatonin and shifts in circadian rhythms. These affect fatigue, alertness, reaction time and other physiological and behavioral factors recognized to be important for transportation workers.

FRA complies with EPA and OSHA regulations, as is the case for noise and environmental pollutant emissions due to rail systems. This will also apply to magnetic and electric field emission standards when established. At present, the World Health Organization (WHO), the International Radiation Protection Association (IRPA) and its International Non-Ionizing Radiation Committee (INIRC), as well as several states within U.S. have put out interim guidelines for EMF at powerline (50/60 Hz) frequencies. FRA, in attempting to determine what may be appropriate standards for maglev and high speed rail systems, is working closely with EPA and DOE.

COMPATIBILITY OF MAGLEV SYSTEMS

SENATOR LAUTENBERG: FRA is proposing to spend substantial monies on standardization, national routings and compatibility of systems. Aren't such studies premature, especially since we do not know what the role of the Federal Government will be in maglev?

ANSWER: Spending substantial amounts on standardization, national routings and compatibility of systems is premature. However, an analysis must be conducted of these issues to determine the need for further activity in these areas as part of the total assessment of the role of maglev in the future transportation system in the U.S. It is planned to devote less than 2 percent of the funding to this area.

PROPOSALS UNDER EXISTING TECHNOLOGIES

SENATOR LAUTENBERG: Mr. Carmichael, we have seen non-Maglev high-speed rail systems working in commercial service in different spots around the world, especially in France and Japan. We have yet to see one Maglev system in operation commercially. Should we not be putting more money into developing opportunities for high-speed systems using current technologies in this country?

ANSWER: The high-speed steel-on-steel rail systems working in commercial service or under development in foreign countries have been brought to fruition largely through funding from their respective national government. They represent well designed and thoroughly tested technologies with which it would be extremely difficult to compete under prevailing U.S. conditions. Maglev, on the other hand, does offer a potentially competitive opportunity to U.S. industry as it is less well developed and can serve a somewhat different market niche. To ensure that opportunities for both maglev and high-speed rail will not be impeded by unwarranted regulatory action, FRA is pursuing the establishment of timely safety requirements such that project developers may incorporate them into early planning. Safety research for maglev is at a much greater intensity, four to one, than for high-speed rail since considerably more is known about steel-wheel on steel-rail technology.

SENATOR LAUTENBERG: Why, of the $15 million you are requesting for high-speed rail research in 1992, do you expect to spend $14 million on Maglev research, and only $1 million for current high-speed technologies?

ANSWER: The research and development for high speed rail technology has already been done (mostly outside the

U.S.) and high speed rail systems are routinely operating in Europe and Japan. The FRA is now faced with the responsibility for setting safety standards that these systems must satisfy in order to begin operating in the U.S. The technology and safety research on high speed rail systems has been done. The cost of assuring the safety of those systems proposed for implementation in the United States is estimated to require $1 million in FY 1992. With regard to maglev technology, there is so much that we need to learn about the safety and the potential of the technology. Moreover, the opportunity may still exist for the U.S. to play a larger role than accommodating the introduction of foreign technology. The $14.5 million requested for maglev R&D will be used to develop and test maglev safety requirements and to determine whether the U.S. can and should overtake foreign maglev technology, as well as define the characteristics of potential systems.

SENATOR LAUTENBERG: Mr. Carmichael, we have seen a number of proposals for high speed steel-on-steel rail projects crop up around the country; however, they all seem to have serious problems finding adequate capital to get off the ground.

Do you see the Federal Government having a major investment role in some of these projects?

ANSWER: We do not see the Federal Government having a leading investment role in high speed rail projects. It is our experience that the private sector is best able to evaluate the risks and payoffs of these projects; however, we do support the Federal Government helping these projects moving in other ways. For example, the Administration is on record in support of allowing States to use Federal-aid highway funds for high speed rail planning, for adapting highway rights-of-way for high speed rail, and allowing States to make rights-of-way available to private sponsors of high speed rail projects at no cost.

SENATOR LAUTENBERG: Do you see a sufficient commitment in the private sector to finance these systems in the U.S. without Federal involvement?

ANSWER: At the present time, it appears that the Florida maglev demonstration will be financed entirely in the private sector with minimal State support. The availability of Federal highway funds for adapting Federal highway rights-of-way for high speed rail will leverage a significant commitment in the private sector to finance some of these systems.

TILT TECHNOLOGY

SENATOR LAUTENBERG: Mr. Carmichael, Graham Claytor reports to me that if he could acquire the new "tilt trains" and some other upgrades, he can reduce the travel time between Washington and New York to 2 hours, 15 minutes. "Tilt trains" are already in commercial service in Scandinavia and hold great promise to reduce travel times in the Eastern U.S. where the tracks have many curves.

Have you looked at this new technology as a way of reducing air congestion in the East?

ANSWER: The Department's study of rail improvements between Boston and New York City combines tilt trains and infrastructure improvements in an assessment of high speed rail in that Corridor. A major objective of the study is to estimate the impact of high speed rail on other transportation facilities in the Corridor, including reduced airport congestion.

SENATOR LAUTENBERG: Have any sectors of the aviation industry complained to you about competition from high speed Amtrak trains?

ANSWER: We have had a variety of comments on high speed rail from the aviation industry. The recent Transportation Research Board study on airport capacity recommended high speed rail as a means for addressing airport capacity problems. At a session on national transportation policy, Edwin Colodny, Chairman of U.S. Air, also recommended high speed rail as a way of reducing airport congestion. By contrast, Southwest Airlines opposed high speed rail project proposals in Texas on the basis that the airlines could handle future traffic growth without increasing the number of flights by using larger planes.

FEDERAL AID FOR PROJECTS WITHOUT STATE FUNDING

SENATOR LAUTENBERG: Mr. Carmichael, I was surprised to read in a news clipping that the high speed rail project in Texas, in your words, would have a "very good chance" of receiving Federal aid. This surprises me, because it has been made abundantly clear by the leaders in the State legislature that this project will receive no assistance from the State.

Do you believe that we should be financing such systems that are likely to receive no State aid whatsoever?

ANSWER: That remark was intended to state the Department's proposal to let States use highway money for adapting rights-of-way for high speed ground transportation systems. In that case, the State would be providing the matching monies. These Federal funds would not be available without State funding, and that's the way it should be.

FRA VIEW ON LONGER AND HEAVIER TRUCKS

SENATOR LAUTENBERG: According to the ICC, only two of the nation's freight railroads are currently receiving an adequate return on investment -- Burlington Northern and Norfolk Southern. These findings do not bode well for the long-term health of the freight rail industry.

Given these facts, I wonder what your position is on the proposals to allow longer and heavier trucks on our nation's highways?

ANSWER: The administration's highway reauthorization proposal does not include any recommendations regarding increased truck size and weight. The Department is in the process of examining important issues involving highway safety, infrastructure costs, and traffic and financial impacts on the rail industry that have not been fully resolved. Our view of the situation appears to be supported by a recent resolution forwarded to the Public Works Committee by the American Association of State

Highway and Transportation Officials (AASHTO) policy committee, urging no action on truck size and weight until a number of strategic freight policy studies can be completed.

SENATOR LAUTENBERG: What do you believe the ramifications would be on the freight railroads if we allowed longer and heavier trucks on our highways?

ANSWER: We will not have a clear picture of the impacts on railroads until our studies are completed; however, a few general comments can be made. Relatively widespread use of heavier and longer trucks -- such as twin 48-foot trailer rigs -- would result in very substantial diversion of intermodal and other merchandise traffic (as opposed to coal and other bulks) from the railroads to the highways. The severity of the diversion impacts would vary depending on the traffic mix of a particular railroad. For example, one of our major railroads generates more than forty percent of its revenue from intermodal traffic. Intense competition from heavier and longer trucks for this traffic could have serious ramifications.

USER FEE PROVISION

SENATOR LAUTENBERG: What steps has FRA taken to implement the user fee provision recently enacted in the Omnibus Budget Reconciliation Act of 1990?

ANSWER: FRA has developed a notice of proposed rulemaking which describes the guidelines that the agency followed in the drafting of the implementing regulations as well as a proposed allocation formula that would distribute the user fees equitably across the railroad industry. We expect that the notice will be published in the Federal Register in the near future.

FRA REGULATION OF TOURIST/EXCURSION INDUSTRY

SENATOR LAUTENBERG: A large number of "tourist railroads" have received a letter from the FRA announcing FRA's intention to regulate under CFR 40 Part 209 and the Safety Improvement Act of 1988. According to the Tourist Railway Association, Inc., there are 304 tourist railways, museums, dinner trains, and excursion operations in existence in the United States and Canada which involve approximately 1,000 operating passenger cars, hundreds of operating locomotives, and over 1,225 miles of railroad. It is estimated over 4.8 million people visit and ride the operations annually. Many tourist railroads are a major part of shortline freight railroads which have grown as major railroads sell off unprofitable branch lines. How does the FRA intend to regulate the "tourist railroad" industry?

ANSWER: Tourist and excursion railroads are fully subject to FRA's regulations if operated on or as a part of the general railroad system. This is because most of FRA's regulations apply only to operations in the general system. Depending on the type of equipment these railroads use, certain limited exceptions may apply (e.g., the glazing standards exception for historical or antiquated equipment).

Stand-alone excursion or tourist operations that are wholly separated from the general railroad system are subject only to the regulations that reach beyond the general system (e.g., the accident reporting regulations, which exclude only "industrial" installations not part of the general system) and to the Hours of Service Act, which applies directly to all railroads.

Of course, FRA's statutory authority extends to all railroads, not just the general railroad system, thus even these stand-alone railroads are subject to FRA's emergency order authority. Therefore, FRA's inspectors monitor these operations in order to ensure that safety problems are avoided or resolved.

FRA is considering initiating a safety inquiry or rulemaking on the tourist/excursion industry to determine what regulatory changes may be neccssary to ensure safety. This action will begin this year, if resources permit.

PENDING RULEMAKINGS

SENATOR LAUTENBERG: Please list all pending rulemakings, their status, and expected date of completion.

ANSWER: The information follows.

- FRA issued a notice of proposed rulemaking (NPRM) regarding the certification of locomotive engineers on December 11, 1989; publication of the final rule, which is currently under review within the Administration, should occur no later than May 1991.
- FRA issued an advance notice of proposed rulemaking (ANPRM) regarding regulations on event recorders on trains on November 23, 1988; an NPRM has been drafted and is in review within the Administration; a final rule may be published by the end of 1991.
- FRA issued a notice of proposed rulemaking relating to the maintenance of train-activated signal systems and devices at highway grade crossings on September 20, 1990. A final rule has been drafted and is in review within the Administration. Publication of a final rule is expected by the end of May.
- FRA issued a notice of proposed rulemaking relating to the safety of rail workers on bridges on January 30, 1991; a hearing is scheduled for May 1, 1991 (postponed from March 28 at the request of the Brotherhood of Maintenance of Way Employees); a final rule should be published by the end of 1991.
- FRA has drafted a notice of proposed rulemaking concerning user fees that is currently under review within the Administration.
- FRA issued an advance notice of proposed rulemaking on March 14, 1990 concerning whether railroads should be required to submit amended monthly accident reports and whether railroads should be required to institute internal control procedures to assure the accuracy of their accident reports. Hearing held May 17, 1990. Record under consideration within FRA.
- FRA is conducting a safety inquiry concerning ways to improve the accuracy of railroads' reports to FRA

concerning matters other than accidents. A hearing was held May 18, 1990, and the record is under consideration within FRA.

- FRA has drafted a notice of proposed rulemaking to amend and expand current annual reporting requirements for data concerning control of alcohol and drug abuse in the railroad industry. This NPRM is under review within the Administration.
- FRA is preparing a revision of Part 174 (Hazardous Materials regulations).
- HM-175A. A general rulemaking about tank cars, it is the repository of many of the tank car matters carved out of HM-181: (a) thermal protection on aluminum and nickel cars; (b) substitution of full- for half- head shield; (c) pressure cars for "Poison - Inhalation Hazard Cars;" (d) improved survivability of tank car fittings in accidents. ANPRM published May 15, 1990, RRS reviewing comments.
- HM-181. Massive revision to bring domestic regulations in line with UN-based systems (European community) effective, i.e., compliance is authorized, January 1, 1991. Regulatory "fix" due soon to clear up problems discovered in final rule publication.
- HM-197. Will set standard conditions for moving multimodal containers of hazardous materials in TOFC/COFC service. ANPRM published April 15, 1985; NPRM in review at RSPA.
- HM-201. Proceeding will consider revisions to tank car specifications and will establish service life shell thickness. Under review at RSPA, cost/benefit analysis still under development.
- HM-201A. Will deal with in-train placement of hazardous materials cars and with the content and "placement" of hazardous materials documentation carried on a train. FRA's ANPRM under review at RSPA.

Hazardous Materials Transportation Uniform Safety Act of 1990 (HMTUSA)

- FRA has drafted a notice of proposed rulemaking to amend Part 212 (State participation) to permit state inspectors to perform hazmat inspection as part of the State Participation Program. This NPRM is under review within the Administration.
- FRA has drafted a final rule to amend Part 209 (Enforcement Procedures) to reflect HMTUSA amendments (e.g., increased penalties). It is under review within the Administration.
- Comparative study of use of dedicated trains vel non for transporting high-level radioactive waste and spent nuclear fuel (with Dept. of Energy, Nuclear Regulatory Commission, states and Indian tribes, rail industry, and shippers). Report to Congress by January 16, 1992 (sec. 15).
- FRA is preparing a notice of proposed rulemaking to amend the hazardous materials regulations as appropriate re: high-level radioactive waste and spent nuclear fuel (sec. 15).

- o FRA is preparing a notice of proposed rulemaking to amend the hazardous materials regulations to limit use of pre-1971 tank cars in hazmat service (sec. 19).
- o Contract for study by "disinterested expert body" of railroad tank car design process and criteria. Report to Congress by January 16, 1992 (sec. 21).

Sanitary Food Transportation Act - By July 31, 1991 (RSPA lead):

- o publish lists of nonfood products that do and do not make other items unsafe when transported in the same vehicle (ANPRM to be issued soon) (secs. 5 and 6);
- o publish list of products that must be transported in dedicated vehicles (sec. 7); and
- o publish waiver procedures (sec. 8).

Omnibus Crime Act of 1990

- o FRA is preparing a notice of proposed rulemaking to provide railroad police with police authority throughout the U.S. (sec. 1704).

TRANSPORTATION TEST CENTER (TTC)

SENATOR LAUTENBERG: Please discuss how FRA is planning to address all environmental problems at the TTC. When will definitive cost-sharing arrangements be reached with non-Federal parties to help pay for the environmental clean-up costs at TTC?

ANSWER: FRA and its Transportation Test Center (TTC) contractor are now finalizing contractual arrangements for the remediation of electrical equipment and underground storage tanks that pose an environmental risk. The cost-sharing arrangements for that part of the work are included in the contract negotiations, and will be settled by July, 1991. The work will be completed early in FY 1993.

Similar negotiations, including cost sharing, continue for the closure of the waste-water impoundment system and will be concluded during FY 1991. Meanwhile, the closure plan is being developed and passed through the necessary approval cycles at the Colorado Department of Health (CDOH). CDOH has recently agreed to permit the use of closure performance standards for both organic and non-organic contaminants using health-based risk assessment methodology. The risk assessment for organics, and the methodology and assumptions for the non-organic risk assessment, are now in the hands of CDOH for review. Completion is anticipated in 1993, depending on the time taken by CDOH in the approval cycle.

The field investigation of the ten other solid waste management units has been completed, and results are now being analyzed by the investigation contractor. Contractual arrangements, including cost sharing, will depend on the nature, extent and probable sources of contaminants revealed in this investigation. It is anticipated that arrangements now being made for the remediation of the waste-water impoundment system will serve as a basis for the program on these sites and thus expedite the resolution of the problems. It is anticipated that contractual arrangements and cost sharing for remediation of these 10 sites will be definitized in FY 1992 and work completed early in FY 1994.

COST SHARING OF FRA R&D

SENATOR LAUTENBERG: By major category of R&D (e.g. track, equipment, etc.) please list the amount and percent of non-Federal dollars that were cost-shared with Federal dollars for each of the last three fiscal years.

ANSWER: The amounts of cost sharing include the estimated value of services, equipment and material contributed in kind to FRA R&D projects. The following table enumerates estimated R&D cost sharing with non-Federal entities for the last three fiscal years:

R&D COST SHARING
(Dollars in thousands)

Track

FY	Federal Funds	Non-Federal Funds	Total Funds	Percent Non-Federal
1989	$5,000	$8,514	$13,514	63%
1990	$4,886	$5,293	$10,179	52%
1991	$4,947	$5,579	$10,526	53%

Equipment, Operating Practices and Hazardous Materials

FY	Federal Funds	Non-Federal Funds	Total Funds	Percent Non-Federal
1989	$2,935	$1,086	$4,021	27%
1990	$3,260	$1,087	$4,347	25%
1991	$4,224	$1,408	$5,632	25%

Magnetic Levitation and High Speed Rail

No cost sharing has occurred to date in this category. Cost sharing projected for FY 1991 will depend highly upon the result of contract negotiations currently underway with several offerors for magnetic levitation research projects.

Research and Development Facilities

Cost sharing in this category will depend upon procurement negotiations currently in progress between FRA and the Association of American Railroads, the contractor for Care, Custody and Control of the Transportation Test Center, for the environmental remediation program at the Transportation Test Center.

QUESTIONS SUBMITTED BY SENATOR HARKIN

LOCAL RAIL FREIGHT ASSISTANCE PROGRAM

SENATOR HARKIN: I have had a long interest in the Local Rail Freight Assistance Program. I believe that the preservation and improvement of local freight lines is of great importance. The cost of moving freight is lower and more fuel efficient than using trucks. With railroads, we have more competitive producers. We also have less wear and tear on highways.

I would appreciate your providing the Committee with a list of the requests for assistance under the Section 803 program received for FY 90 and FY 91 with the dollars requested, and the cost-benefit ratios expected along with other appropriate summary information which will help the Committee evaluate the program. I would also appreciate the Committee receiving a summary of those projects that were actually funded.

ANSWER: The information follows:

FY 1991 LRFA GRANT APPLICATIONS

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT DISTRIBUTED
KANSAS	Rehabilitation of Santa Fe's McPherson and Hutchinson lines	$1,106,784	31.1:1	17.36%	$274,538 2/
OREGON	Continued rehabilitation of Tillamook Bay Railroad	555,092	3.4:1	11.33%	530,316 3/
	Continued rehabilitation of City of Prineville Railway	189,581	1.0:1	11.33%	Not Funded
MICHIGAN	Rehabilitation of 20 bridges on state-owned line from Ontonogon to Iron Mountain	380,188	2.7:1	10.29%	353,367
TEXAS	Continued rehabilitation of Mineral Wells and Eastern Railway	299,600	2.0:1	9.15%	30,593 4/
	Continued rehabilitation of Austin & Northwestern Railroad	535,480	1.5:1	9.15%	Not Funded
MINNESOTA	Continued rehabilitation of Dakota, Minnesota and Eastern Railroad	1,000,000	2.6:1	8.70%	800,000
WASHINGTON	Rehabilitation of Lewis & Clark Railway	431,418	1.1:1	8.54%	391,308

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT DISTRIBUTED
IDAHO	Continued rehabilitation of St. Maries River Railroad	400,000	1.1:1	8.02%	380,953
NEVADA	Rehabilitation of line owned by City of Henderson	243,156	2.8:1	6.56%	243,156
INDIANA	Rehabilitation of Hillsdale County Railway	$1,059,114	1.7:1	6.49%	$511,643
MAINE	Construction of a connection to Aroostook Valley Railroad	549,565	2.4:1	5.18%	439,565
ALABAMA	Rehabilitation of SouthRail from Waynesboro, MS to Whistler, AL	192,064	6.6:1	4.75%	125,000
VIRGINIA	Continued rehabilitation of Eastern Shore Railroad	655,011	2.0:1	3.28%	444,033
OHIO	Rehabilitation of Indiana, Ohio and Eastern Railroad from Jackson to Oak Hill and the Renick Branch	426,720	3.1:1	3.10%	405,720
ARKANSAS	Continued rehabilitation of Delta Southern Railroad	581,305	5.8:1	2.90%	475,805 5/
IOWA	Rehabilitation of Soo Line from Charles City to Mason City	1,284,000	1.1:1	2.21%	386,640

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT DISTRIBUTED
NEW YORK	Continued rehabilitation of Rochester & Southern Railroad	2,600,000	3.7:1	2.18%	329,100 6/
ILLINOIS	Rehabilitation of Soo Line from Rockford, IL to the Wisconsin State line	1,400,000	1.5:1	1.83%	354,500 7/
	Rehabilitation of Chicago and North Western from Molitor Junction to Middle Grove	$1,995,000	4.3:1	1.83%	Not Funded
SOUTH CAROLINA	Continued rehabilitation of the line between Conway and Myrtle Beach	440,344	3.0:1	1.80%	$ 340,344 8/
GEORGIA	Rehabilitation of Georgia Northeastern Railroad	385,000	2.9:1	1.44%	322,280
MISSOURI	Continued rehabilitation of publicly-owned Chillicothe to Kelly line	175,000	10.2:1	1.12%	Not Funded
	Continued rehabilitation of publicly-owned Columbia to Centralia line	210,000	6.0:1	1.12%	210,000
WEST VIRGINIA	Continued rehabilitation of South Branch Valley Railroad	1,000,000	2.8:1	1.11%	200,000
MISSISSIPPI	Rehabilitation of SouthRail from Stonewall to Desoto	450,000	5.7:1	0.73%	347,031

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT DISTRIBUTED
NORTH CAROLINA	Rehabilitation of Mid Atlantic Railway	705,465	1.1:1	0.67%	400,000
ALASKA	Rehabilitation of Garner Tunnel on Alaska Railroad	125,000	1.8:1	0.00%	125,000
TENNESSEE	Continued rehabilitation of Nashville and Eastern Railroad	175,000	2.0:1	0.00%	175,000

1/ Percentage of rail miles in state threatened with abandonment.

2/ State reprogrammed $832,246 in previously granted discretionary funds to this project.

3/ State reprogrammed $3,220 in previously granted discretionary funds to this project.

4/ State reprogrammed $269,007 in previously granted discretionary funds to this project.

5/ State reprogrammed $77,500 in previously granted discretionary funds to this project.

6/ State reprogrammed $270,900 in previously granted discretionary funds to this project.

7/ State reprogrammed $115,535 in previously granted discretionary funds to this project.

8/ State reprogrammed $100,000 in previously granted discretionary funds to this project.

FY 1990 LRFA GRANT APPLICATIONS

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT GRANTED
OREGON	Rehabilitation of the Port of Tillamook Bay Railroad	$ 698,569	12.4:1	12.04	$665,305
	Continued rehabilitation of Lake County Railroad	486,776	5.9:1	12.04	Not Funded
MICHIGAN	Rehabilitation of Childs Creek Bridge and replacement of Mill Race Bridge on state-owned Tuscola and Saginaw Bay Railroad	77,283	14.9:1	11.62	71,190
IDAHO	Continued rehabilitation of the St. Maries River Railroad	200,000	1.4:1	10.13	200,000
ALABAMA	Rehabilitation of the Tennessee Southern Railroad	277,500	2.7:1	7.77	Not Funded
	Rehabilitation of the Alabama and Florida Railroad	406,219	1.5:1	7.77	395,702
INDIANA	Continued rehabilitation of Indiana Railroad	1,200,102	1.0:1	7.40	416,654
NORTH DAKOTA	Continued rehabilitation of Red River Valley and Western Railroad	150,000	13.8:1	7.33	150,000

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT GRANTED
OHIO	Rehabilitation of the Indiana Hi-Rail from Liberty Center to Woodburn	1,156,289	2.2:1	6.99	532,000
	Rehabilitation of the Indiana Hi-Rail from Douglas to Van Buren	322,740	1.8:1	6.99	Not Funded
	Rehabilitation of the interchange tracks and signal systems at Hallet	271,294	1.4:1	6.99	Not Funded
VIRGINIA	Continued rehabilitation of the Eastern Shore Railroad	580,108	1.1:1	6.79	469,308
KANSAS	Rehabilitation of the Garden City Northern Railway	100,000	6.4:1	5.25	Not Funded
	Continued rehabilitation of the Hutchinson and Northern Railway	89,600	1.1:1	5.25	86,100
NEW MEXICO	Rehabilitation of the Texas & New Mexico Railroad	113,863	2.4:1	4.80	113,863
MARYLAND	Continued rehabilitation of the State-owned Centerville and Chestertown lines	164,108	1.5:1	3.20	164,108

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT GRANTED
ARKANSAS	Rehabilitation of the Delta Southern Railroad	1,051,194	3.8:1	3.08	432,635
ILLINOIS	Rehabilitation of the Wisconsin and Calumet Railroad	686,490	4.0:1	2.79	343,245
	Rehabilitation of the Gateway Western Railway between Cockrell and Roodhouse	700,000	3.1:1	2.79	Not Funded
MISSISSIPPI	Continued rehabilitation of the Columbus & Greenville Railway	600,795	4.0:1	2.61	378,550
	Rehabilitation of SouthRail from West Point to Muldon and Aberdeen	420,435	4.6:1	2.61	Not Funded
IOWA	Continued rehabilitation of the Chicago and North Western line from Marshalltown to Albia	875,000	2.8:1	2.52	Not Funded
	Continued rehabilitation of the Chicago and North Western line from Rake to Esterville	777,600	3.4:1	2.52	388,800

STATE	**PROJECT**	**AMOUNT REQUESTED**	**BENEFIT/ COST RATIO**	**POTENTIAL 1/ ABANDONMENTS**	**AMOUNT GRANTED**
IOWA	Rehabilitation of the Chicago, Central and Pacific Railroad's Missouri River Bridge	750,000	0.4:1	2.52	Not Funded
NEW YORK	Rehabilitation of the Rochester and Southern Railroad	2,600,000	3.7:1	2.27	317,918
GEORGIA	Rehabilitation of the Hartwell Railway	418,628	1.1:1	2.23	Not Funded
	Rehabilitation of the Georgia Woodlands Railroad	196,952	1.9:1	2.23	179,047
NORTH CAROLINA	Continued rehabilitation of the Aberdeen, Carolina and Western Railroad	312,500	3.3:1	1.50	164,033
MISSOURI	Continued rehabilitation of the Columbia to Centralia line owned by the City of Columbia	210,000	1.2:1	1.01	Not Funded
SOUTH DAKOTA	Rehabilitation of the line from Huron to Yale	314,178	2.7:1	0.60	155,000
ALASKA	Continued rehabilitation of the Whittier Tunnel	250,000	1.1:1	0.00	200,000

STATE	PROJECT	AMOUNT REQUESTED	BENEFIT/ COST RATIO	POTENTIAL 1/ ABANDONMENTS	AMOUNT GRANTED
TENNESSEE	Continued rehabilitation of the Nashville and Eastern Railroad from Nashville to Monterey	360,000	1.5:1	0.00	144,106
	Acquisition and rehabilitation of the Norfolk Southern line from Crossville to Crab Orchard	360,000	1.2:1	0.00	Not Funded

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1/ Percentage of rail miles in state threatened with abandonment.

SENATOR HARKIN: What is the FRA's view of the quality of the projects that have been funded?

ANSWER: Language in the "Local Rail Service Reauthorizing Act" now requires that the line of railroad related to the project for which assistance is sought, be certified by the railroad as having carried more than 20 carloads per mile during the most recent year of operation. The "Act" now also allows assistance for projects on lines which carry up to 5 million gross ton miles of freight. Each of these modifications has contributed to raising the quality of the projects funded under the Local Rail Freight Assistance Program in FY 1991.

SENATOR HARKIN: What is your estimate of the total dollar size of the requests for assistance that is likely in FY 92 if the Committee funds the program at a $15 million level.

ANSWER: In FY 1990 with an appropriation of $7 million, FRA received 69 LRFA applications totaling more than $18 million. With an appropriation of $10 million in FY 1991, FRA received 68 LRFA applications totaling more than $21 million. With the dollar value of applications more than doubling available funding in FY 1990 and FY 1991, it is anticipated that if LRFA is funded at $15 million in FY 1992, applications would far exceed that amount.

NONDESTRUCTIVE EVALUATION OF MATERIALS

SENATOR HARKIN: I note the increases in railroad research. Has the FRA considered the improvements in railroad productivity and safety that may be possible through the use of the nondestructive evaluation of materials?

To what extent is research now being undertaken by the FRA and by other entities in nondestructive evaluation of materials specifically oriented to the special problems of the railroad industry?

ANSWER: For a number of years, the FRA has been aware of the potential economic and safety improvements possible through nondestructive evaluation (NDE) of railroad materials and components, including rail, wheels, bearings, and freight car materials.

FRA is actively involved in the development of reliable NDE methods to detect the presence of internal cracks and assess the stress state of railroad wheels while in service. Research to date has produced a prototype field operable crack detection unit, which employs non-contacting Electromagnetic-Acoustic Transducers (EMATs) in a rail mounted unit to detect wheel cracks and other defects as the wheel rolls over the unit. Research efforts to develop an operable residual stress measuring system under an on-going program include two different approaches: (1) the development of a birefringence measurement technique which utilizes EMAT to couple the acoustic energy into the wheel; and (2) exploring the technique of using magneto-acoustic principals.

A recently proposed joint US/Polish research project between FRA and the Central Research Institute of the Polish State Railways (CNTK) will provide the opportunity to examine the application of NDE stress-measurement research being conducted in Poland.

Industry is actively developing methods to improve the detection of hot wheels and roller bearings through the use of in-track laser powered NDE system.

Several projects have been initiated to evaluate nondestructive evaluation (NDE) techniques for application to railroad tank cars. Currently the industry is using an acoustic emission (AE) technique to detect flaws and cracks in tank cars stub sills when they are in the shop. This technique is only applicable to stub sill tank cars.

The FRA is conducting research through the Small Business Innovative Research Program to investigate a NDE device for use on insulated tank cars without removal of the jacket and insulation. In addition, inspection of damaged tank cars at an accident site is desirable. Use of AE, dye penetrant, or other existing NDE techniques on insulated tank cars requires removal of the jacket and insulation from the tank car prior to inspection.

The FRA Office of Safety is evaluating the cost/benefit of using AE to replace the regulatory hydrostatic test on non-insulated tank cars.

At the present time most railroads nondestructively test main track rail to detect internal rail flaws and are required by the Track Safety Standards to test rail in Class 4, 5, and 6 track and Class 3 track over which passenger trains operate. The present methods used, while adequately performing the intended function, are very slow and depend heavily on operator performance. FRA has indeed considered improvements in railroad productivity and safety that may be possible through the use of nondestructive evaluation of materials and several years ago conducted research on rail testing using Electromagnetic-Acoustic Transducers (EMAT) to overcome some of the shortcomings of the existing equipment. The preliminary results of this high risk research were not entirely successful and with reduced resources to conduct track research, this activity was temporarily suspended.

The FRA believes there is also substantial benefit in developing nondestructive techniques for railroad bridge structure evaluation and when resources become available, we expect to begin research work in that area.

SENATOR HARKIN: To what extent is the use of nondestructive evaluation of materials likely to be important to the operation of maglev systems?

ANSWER: The use of active and passive nondestructive measures could provide both economic and safety benefits to the operation and maintenance of future maglev systems.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

LONG ISLAND RAILROAD INTERMODAL PROGRAM

SENATOR D'AMATO: I was pleased to author an amendment to the FY 91 DOT appropriations bill that set aside $1 million for the Long Island Railroad intermodal program. What is the status of that project?

Also, my amendment called for a study to assess how much highway and bridge traffic congestion could be relieved by the LIRR intermodal program. What is the status of your study?

ANSWER: The Long Island Railroad has expressed an interest in having the New York Department of Transportation administer this $1 million set aside. The LIRR is currently negotiating this issue with the New York DOT. FRA is prepared to act quickly when the issue regarding administration of this grant is resolved and an application has been received.

Once a grant application is received from the railroad, the program schedule and the highway and bridge traffic congestion study will be defined.

MAGLEV TRAINS

SENATOR D'AMATO: FRA and the Energy Department are working together in the area of magnetic levitation trains. Since FRA is the lead agency, what is your current assessment of this program and the likelihood that MAGLEV trains will serve as part of our transportation network? What role should the Federal Government play in the future as to MAGLEV funding?

ANSWER: The FRA submitted a preliminary feasibility study on maglev to the Congress in July 1990. This study indicated that there was potential for application of maglev in the United States but that a more comprehensive study would be necessary to get a definitive answer to the question of technical and economic feasibility. The FRA, with the U.S. Corps of Engineers and the U.S. Department of Energy are working to obtain the information to complete that study. Multiple contracts are in negotiation for technology assessment activities and a Request for Proposals has been issued for Maglev System Concept Definition studies. In addition, a contract has been awarded for the conduct of market and economic studies. Collectively, these activities will support the detailed analyses leading to recommendations on the role that maglev can play in the Nation's transportation system and the role the Federal Government should play in its future development. The studies are not far enough along to come to any conclusions at this time, but they are proceeding on schedule to produce these recommendations by the fall of 1992.

FUTURE ROLE OF DELAWARE AND HUDSON RAILROAD

SENATOR D'AMATO: The Delaware and Hudson Railroad has now been successfully transferred to the Canadian Pacific Railroad. What role do you see the D&H playing in the future of North American rail freight movements? Do you think competition in the region has been stimulated by this transfer?

ANSWER: The successful sale of the Delaware and Hudson Railroad ensures its continuing competitive role in the rail freight market of North America. One of the strongest reasons that the Canadian Pacific was considered a preferred candidate purchaser was the volume of traffic that CP could potentially shift to the D&H that CP is already delivering to the United States from Canada via other routes.

The purchase of the D&H also gives CP direct rail access (with the New York, Susquehanna and Western Railway Corporation) to the Port of New York. CP does not now have direct rail access to a Canadian port on the Atlantic that is accessible all the time; its prime Canadian competitor, the Canadian National, does. The Port of New York is several hundred rail miles closer to the heartland of Canada than the Canadian National's Atlantic port at Halifax, NS.

The sale of the Delaware and Hudson Railroad will also enhance the rail competition in the U.S. northeastern region. The Canadian Pacific is a strong competitor in Canada, and there is little doubt that the CP will be a strong competitor for whatever traffic there is in the new U.S. market it now serves.

The most important single benefit of the sale of the D&H to CP is that it ensures the continued operation of that railroad for many years to come with sizeable competitive benefits to the public and without continued federal government assistance.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

LOCAL RAIL FREIGHT ASSISTANCE PROGRAM

SENATOR DOMENICI: Mr. Carmichael, the Administration has proposed the termination of the local rail freight assistance program, which provides state and local governments with important resources to plan and develop local rail service.

With the proposed termination of the local rail freight assistance program, which is funded at approximately $10 million for FY 1991, how will the federal government encourage local and regional rail service, which is so important to rural communities?

ANSWER: This industry can be helped by means other than direct Federal funding to address local issues. Twenty-two states have their own rail freight assistance programs designed to address problems unique to each State; several others are actively considering such funding. FRA is very supportive of the initiative of these 22 States in addressing their transportation priorities on a multi-modal basis.

Other State proposals may either provide direct State funding or other State legislation to establish a more level playing field between the rail and highway modes.

SENATOR DOMENICI: Through what other programs or mechanisms will the federal government ensure that this mode of transportation is given its rightful place in the national transportation system?

ANSWER: FRA's revised organization structure includes an Office of Railroad Development. This office is coordinating an agency-wide program of technical assistance and support to regional and local railroads, as well as to State and local governments. For example, we are participating in transportation research, including a study to aid States in economic decision making regarding highway versus rail branch line investment decisions. We are also working with the industry and its associations to provide support in several areas. For example, we will be pursuing research and demonstration activities to assist these railroads in using their funds to maintain track structures in the most efficient and cost-effective manner.

FRA will shortly be issuing its first report on technical assistance, including information on FRA research results, which we believe can assist Class II and Class III railroads in maintaining safe and efficient operations at lower costs.

In addition, we serve as a clearinghouse in sharing information between States and actively support requests for technical assistance by States in developing legislative programs which encompass the rail mode as a major element of the State transportation agency.

We also are addressing another area that is jeopardizing the health of local and regional railroads, as well as Class I's, and the public service they provide. This is the inordinately high costs of the Federal Employers Liability Act (FELA). The Administration has proposed the repeal of this legislation, which is inequitable to both the employees and the railroads.

SENATOR DOMENICI: What is the Administration's rationale for terminating the local rail freight assistance program?

ANSWER: Financial conditions prevalent in the railroad industry that warranted a direct Federal funding role in light density rail line preservation no longer exist. Since the deregulation achieved by the Staggers Rail Act, shortline and regional railroads have become a growth industry. A DOT report on Deferred Maintenance and Delayed Capital

Improvements on Class II and Class III Railroads found that 85 percent of the carloads handled by small railroads were accounted for by carriers reporting no rehabilitation needs or no needs beyond what they can cover from internal funds.

Since preserving these light density rail lines is a local rather than national issue, it is the Administration's position that there is no longer a direct Federal funding role and the Local Rail Freight Assistance Program should be discontinued.

AMTRAK

SENATOR DOMENICI: Mr. Carmichael, I believe that the railroad infrastructure is an invaluable national asset and in increasingly growing transportation alternative that must be preserved.

Amtrak has set a goal of being independent of the need for a federal subsidy for operating expenses by the end of the decade. I commend your support of this effort through your capital expense request. The $150 million you have requested for capital expenses will enable Amtrak to increase ridership, service, and cost efficiency.

In New Mexico, the Sunset Limited runs tri-weekly. The increased funding for capital expenses could lead to daily service.

Amtrak currently services eight New Mexico communities and provides valuable transportation and communication facilities as well as important employment opportunities.

I am pleased to see that you have made specific recommendations on the areas within the Amtrak system that you believe should be curtailed or eliminated.

Could you please expand on your suggestion for repealing FELA, the Federal Employers Liability Act? What sort of alternative injury compensation would you recommend?

ANSWER: We are recommending that Amtrak's employee injury claims be resolved under state workers' compensation no-fault programs instead of the current fault based Federal Employers Liability Act (FELA). Virtually all workers in the U.S., with the exception of rail and maritime workers, are covered by a form of no-fault state workers' compensation law. Not only does FELA place an additional cost burden on Amtrak and other railroads but FELA carries with it all the wrong incentives. Instead of encouraging cooperative steps to make the railroad safer, FELA discourages efforts by management and labor to share information and learn from accidents because it is fault based and adversarial. Also, instead of encouraging a return to productive employment as soon as the worker is fit, the worker has an incentive to stay away from the job until a verdict is reached. A switch to state laws would eliminate the need for expensive litigation to determine fault whenever a rail worker is injured. The railroad industry strongly supports replacement of FELA by state workers' compensation.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

SENATOR HATFIELD: Mr. Carmichael, I appreciated the time you are taking to address the Committee's concerns and would like to briefly discuss a few matters relating to rail fatigue. Would you please explain to the Committee the major rail fatigue related safety problems facing domestic railroads?

ANSWER: Our railroads presently face two major rail fatigue related safety problems which are themselves inter-related. The first problem involves the periodic inspection of rail in service to detect and repair or remove defects that have developed and could, if allowed to continue, pose the risk of rail failure under a train and derailment. Existing regulations require "... continuous search for internal defects...." (49 CFR 213.237) and specific remedial actions for detected defects depending on type and size (49 CFR 213.113). Studies of rail defect statistics have shown that most of the defects which develop in service are the result of rail fatigue. The present schedules for rail inspections are generally adequate, but ongoing re-examination and adjustment are required to assure that the railroads remain able to keep the rail failure risk under control as the drive for better productivity increasingly concentrates freight tonnage onto heavier carloads and fewer mainline track miles.

The second problem concerns the development of defects known as "head checking" on the rail running surface, and sub-surface defects known as "shelling". These defects do not directly compromise safety. When a rail is heavily checked or shelled, however, these defects reflect the ultrasound beams which the railroads use to search for other more dangerous internal defects. In this situation, the required search cannot be performed effectively. Consequently, the railroads generally remove and scrap rails that become heavily checked or shelled.

SENATOR HATFIELD: What are the economic costs of rail fatigue to American producers and consumers?

ANSWER: The economic cost of rail fatigue appears indirectly as a component of freight shipping rates. We can gain some quantitative insight into this cost by combining national-level statistics on defect occurrence with industry average figures for the cost of rail replacement. The most reliable numbers we have are for the first category, i.e., defects which directly affect safety. In round numbers, about 200,000 rails annually are found to contain safety related defects. Most of these are discovered during scheduled inspections, and the industry average cost to replace a rail in this situation is about $800. Thus, the direct annual cost of rail replacement due to

Accident costs add to the total but are much less significant in the economic picture. The FRA statistics for accidents due to rail failures amount to a national cost of about $20 million annually, not counting the cost of damage to lading or consequence of injury to persons involved.

We do not yet have reliable statistics on the national economic cost of heavy head checking and shelling. It is only in the past few years that these problems have reached levels where there is concern about compromising the internal search inspection program, and even then this level of problem has so far been observed only on a few lines which carry exceptionally high traffic. However, we can estimate the potential economic cost by noting that, in the recent past, the railroads have spent up to a half billion dollars annually to replace worn rail. We believe that heavy head checking and shelling, if not controlled, has the potential for a similar cost.

SENATOR HATFIELD: Over the past several years, the FRA has conducted research into rail fatigue and its related issues with scientists at the Oregon Graduate Institute and in coordination with the railroad industry. Would you please discuss the benefits produced from this research and how you see work of this kind enhanced in future years?

ANSWER: The rail fatigue research at the Oregon Graduate Institute (OGI) has concentrated on the systematic study of rail steel metallurgy, as related to the tendency of rails to develop fatigue defects in service. The OGI research has produced the potential benefit of a "shell index", i.e., a quantitative criterion for rating the tendency of a rail steel to develop shells, based on simple and inexpensive laboratory tests. Obviously, a reliable shell index would enable the railroads to impose better quality control through specifications on rail production, and this could prevent heavy checking and shelling in new rail stock. The FRA views this as a highly worthwhile benefit and intends to continue the OGI work. The plan for future research is to extend the laboratory study to cover the heavier axle loads anticipated in the future, and to include field work in cooperation with domestic railroads and the Transportation Test Center, in order to confirm the validity of the shell index as a practical indicator.

LOCAL RAIL FREIGHT ASSISTANCE PROGRAM

SENATOR HATFIELD: The Oregon Department of Transportation has submitted an application to FRA for $1.06 million in FY '91 Local Rail Freight Assistance funds for projects on the Port of Tillamook Bay and City of Prineville Railroads. This program continues to be extremely important to Oregon. I am grateful for the assistance provided by the FRA on getting the Port of Tillamook Bay project started last year, but much work remains to be done and will require the continued support of the FRA. The cost-benefit ratios on these projects remains quite high, and they truly are a significant contributor to the well being of these rural communities in my state. Could you please give the Committee a status report on approval of these requests?

ANSWER: In light of the demand for discretionary funding, FRA has maintained a long-standing policy of approving no more than one discretionary application per year per state. Applications for the available FY 1991 discretionary funds ($8,560,000) totaled $19,776,442. The State of Oregon submitted two applications for FY 1991 discretionary funds, but informed FRA that the Tillamook Bay project was the State's number one priority. The benefit/cost ratio for the Tillamook Bay project is 3.4:1, while the benefit/cost ratio for the City of Prineville project is 1.0:1. The State of Oregon has been granted $530,316 in FY 1991 funds for continued rehabilitation of the Tillamook Bay Railroad.

SUBCOMMITTEE RECESS

Senator **LAUTENBERG**. Thank you, everybody, for being here today. This subcommittee hearing is recessed.

[Whereupon, at 12:42 p.m., Wednesday, March 6, the subcommittee was recessed, to reconvene at 10:05 a.m., Wednesday, March 13.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

WEDNESDAY, MARCH 13, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Sasser, D'Amato, and Kasten.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. ELAINE CHAO, DEPUTY SECRETARY OF TRANSPORTATION

ACCOMPANIED BY CLYDE ROBBINS, DIRECTOR, OFFICE OF INTELLIGENCE AND SECURITY

OPENING REMARKS

Senator LAUTENBERG. Good morning. I will now call the Subcommittee of Transportation Appropriations to order.

Today, this is an overview hearing for the Office of the Secretary and also to ask some questions about aviation security and intelligence.

We are happy to have with us Ms. Elaine Chao, the Deputy Secretary of Transportation, and Adm. Clyde Robbins, who is the Department of Transportation's Director of Aviation Security and Intelligence. Today, we are going to be discussing DOT's implementation of the recommendations of the Aviation Security Commission. We welcome you both.

We are also going to be receiving testimony on the fiscal 1992 budget request for the Office of Secretary of Transportation. Even the Office of the Secretary has to have its share of appropriations. That request is for appropriations and obligation authority totaling $198.1 million.

Representing the Department to address the details of that request is Ms. Elaine Chao, the Deputy Secretary of Transportation.

AVIATION SECURITY

The major focus of today's hearing will be the office of the Secretary's work on aviation security. Almost 2 years ago, March 14, 1989, this subcommittee held a hearing on the terrorist bombing of Pan Am 103. Senator D'Amato, my distinguished colleague from New York, and I then served on the President's Commission on Aviation Security and Terrorism.

Out of all of our hearings and lengthy investigations we discovered many problems. The major one was the lack of accountability, the lack of focus on transportation security in government.

No piece of legislation can ensure that an individual placed in any job will carry out his or her responsibilities adequately, but in the Aviation Security Improvement Act we built the structure that clarifies where responsibilities lie and who it is that is accountable.

Today we are going to review the status of our efforts with the Director of Intelligence and Security, but I have to say I already see disturbing signs that our Government is losing some of its resolve. There are indications that the promise of safer skies was indeed only half a promise. I refer to the Department's first major rulemaking under the Aviation Security Improvement Act in which it pulls back the punches in fighting terrorism on foreign airlines and those serving the United States.

It is the Department's view that we just cannot ask foreign carriers that land in our cities, that carry millions of Americans, to meet the same security requirements as domestic carriers. Apparently, it is the Department's view that the threat to foreign carriers is somehow different.

Well, if you tell that to the American families who had loved ones on the French UTA airplane blown up over Chad, that took place after Pan Am 103, Americans who choose to fly on foreign carriers deserve no less protection than Americans flying on American carriers, and I intend to discuss this issue and others with Admiral Robbins.

Again, I welcome both of you, and Secretary Chao, remind Secretary Skinner how kindly we have thus far looked on his budget and tell him it is not there automatically, and we are going to review it all very carefully. He knows that that is said with a great deal of respect and admiration for the job that he and the Department does.

So we are happy to have you here, and I see that we are joined by my friend and colleague from across the river as we say, not the Potomac but the Hudson. Senator D'Amato is the Ranking Member of the subcommittee, and we are happy to have him here. I invite him now to make his opening statement.

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Madam Secretary, it is always good to see you. I am glad that Admiral Robbins is here. I am going to ask that my prepared statement be submitted in the record so that we can hear you.

I would like to say for the record that the Secretary is fortunate in having you. You have done an outstanding job. You are a great deputy to have, and he is very, very fortunate.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I join you in welcoming Deputy Secretary of Transportation Elaine Chao to today's hearing. I understand that Admiral Robbins is also here to discuss aviation security, and I welcome his comments.

The Department of Transportation has requested $198.1 million for the Office of the Secretary [OST]. These funds include: $38.6 million for Payments to Air Carriers under the Essential Air Service Program; $4.8 million for the Office of Commercial Space Transportation; $81.5 million for Salaries and Expenses; $4.2 million for planning, research and development; $69 million for part of the costs (e.g., communications) of the new DOT headquarters building; and $165.6 million for the Working Capital Fund to support departmentwide services.

I look forward to hearing the details of this proposal.

Thank you, Mr. Chairman.

STATEMENT OF SENATOR KASTEN

Senator LAUTENBERG. We are also joined by our distinguished Senator from Wisconsin, Senator Kasten, very active in all matters affecting transportation as well as many others.

Senator KASTEN. Mr. Chairman, thank you very much. I simply want to join you and the Ranking Member in welcoming Elaine Chao here. I look forward to working with her and look forward to listening to the testimony this morning.

Thank you, Mr. Chairman.

Senator LAUTENBERG. Thanks very much, Senator Kasten.

Ms. Chao, what we would like to do, we have your full statement and of course. That will be included in the record. We would appreciate it if you could summarize it and try to keep it around 5 minutes.

STATEMENT OF ELAINE CHAO

Ms. CHAO. Thank you, Senator.

We are very pleased to be here. I do have a prepared statement which details in great length our particular request, if I may put that in for the record.

BUDGET REQUEST

We are requesting $198.1 million in appropriations and obligation limitations, and $165.5 million in obligation authority for the working capital fund.

This is slightly lower than fiscal year 1991 enacted levels, and approximately the same level as well in terms of the employment, which is about 1,125 FTE's.

MAJOR THEMES

Our request actually is in line with previous years. It is a budget request that is put together with several themes and management philosophies in mind. If I could just very briefly go over them.

As you well know, Secretary Skinner has put a great deal of stock into the development of the National Transportation Policy. That philosophy and the themes embodied in the National Transportation Policy are still very much a part of the Department's overall thinking about how to proceed in terms of allocating resources. Our budget is a reflection of the Secretary's—and the National Transportation Policy's—emphasis on systems development, on management training, on management development, and also in having the Office of the Secretary be a support rather than lead the modal administrators as in past administrations.

We feel that the OST does provide an important oversight responsibility, and in the past year our office has been challenged in various ways. We have had a very busy agenda, as you well know.

Last year we had the enactment, with your good offices of course and that of the Congress, of the Aviation Safety and Capacity Expansion Act. We had the oilspill legislation. We have the multimodal development of the Surface Transportation Act.

We have also developed Federal responses concerning the economic state of the airline industry. We have participated in Operation Desert Storm/Desert Shield. Overall, it has been a very busy year. And all of this is reflected, along with the management themes in our budget request.

Our office is also an operating function. We have the Office of Commercial Space and also the Essential Air Service.

We have renewed requests for the Office of Commercial Space and also the Essential Air Service. The Essential Air Service request of $38 million is essential because implementation of the passenger facility charge, another priority within the Department, is linked very closely to that.

Overall, I think our budget is reasonable. It is based on the increased level of activity, through the past year, anticipated workload in the coming year, and also the continued efforts to foster a team effort and a more corporate-like environment within the Department that focuses on people. Our whole budget, I think if you examine it, will reflect those concerns.

OFFICE OF INTELLIGENCE AND SECURITY

Let me specifically address some of the issues that you have talked about in terms of security. I am obviously very disappointed to hear a little bit, even a hint of distress in your opening statement, that you think our Department is not going forward with full speed on the security aspect.

As you well know, we have worked with yourself, the Honorable Senator D'Amato, and others on the Pan Am 103 Commission. We have worked very hard on implementing every single one of those recommendations.

On some, I have to say, we have had some difficulties. But others, to the extent possible, we have certainly tried to implement. As a very strong indication of our commitment to go ahead with making security a No. 1 priority within the Department, we have established the new Office of Intelligence and Security with Admiral Robbins.

His office resides in the Office of the Secretary. He has complete and full access to the Secretary. I would not exaggerate if I said that Admiral Robbins sees myself and the Secretary every single day.

We have taken a whole host of other specific steps to carry out the new security legislation as well. If I could, I would just like to talk about some of the things that we have done.

Admiral Robbins has set up a 15-person office within a short period of time. This includes recruiting new personnel and hiring people from the intelligence community. He has structured the office to handle intelligence, security, research and development, and also planning.

He sees the office primarily as a monitoring and oversight office, which I think is in keeping with the spirit of the law that was passed. He works very closely with the Maritime Administration, the Coast Guard, and especially the FAA in terms of monitoring closely the developments that he sees throughout the Department on what we are doing to safeguard security.

I forget what the yellow light means.

Senator LAUTENBERG. That does not mean anything. You just go ahead.

AVIATION SECURITY

Ms. CHAO. We also have a number of notice of proposed rulemakings and rulemaking actions under way. The specific one that you are talking about is a difficult one and I will say that right up front. I will leave Admiral Robbins to discuss this. It is still a notice of proposed rulemaking.

But more importantly, the Department and especially Secretary Skinner have not forsaken the concept of ensuring that our skies are safe for our passengers, whether they be Americans or foreigners. Obviously, we are concerned about Americans flying on foreign airlines, but our overall responsibility is to ensure safety for all passengers.

This issue about the level playing field with foreign airlines is one that troubles us greatly. We are obviously concerned about it. We do not think Americans should be under a different kind of protection when they are flying under a foreign airline carrier.

We have been working on this issue. We do have a notice of proposed rulemaking out. The comment period I think ended March 6. We are in the process of evaluating comments right now.

But this particular issue, as you well know, not only involves Americans, but foreign airlines and foreign governments as well. It also includes issues about foreign territoriality and sovereign nation rights. It is a multilateral process.

We are working with ICAO and with the other international organizations to push them along on this particular issue. But I have to say that it is difficult to try to work through a multilateral process and a foreign government process as well.

The issue did come up as to whether we can unilaterally implement some of these issues. I hesitate a little bit because I do not want to go much further. I have been warned by the lawyers about the pending rulemaking, and I am not making any prejudicial statements, I am just discussing.

As to whether unilateral action could be taken on this particular issue, as you well know, we deal with a host of governments on a whole host of airline issues. For us to unilaterally proceed with any one topic would be very difficult in that there are many other aviation issues and other issues, which hinge upon multilateral negotiations. So I will just leave it at that.

But I have a whole host of things that we have done since the Pan Am 103 Commission and the new security legislation. If you would like, I would be more than delighted to go through them or perhaps put them in the record, whatever you would like.

Senator LAUTENBERG. We will put them in the record.

PREPARED STATEMENT

Ms. CHAO. We are doing a number of things on the aviation front. I do not want to leave you with the impression at all that our Department has reduced our attention or slacked our efforts in terms of ensuring that aviation travel is the No. 1 priority within the Department, and that our air passengers are indeed traveling in a safe environment.

Thank you.

[The statement follows:]

STATEMENT OF ELAINE CHAO

Mr. Chairman and members of the Committee, it is an honor to appear before the Committee to address the fiscal year 1992 budget request for the Office of the Secretary (OST) and the number of initiatives we are pursuing. This is the first hearing that the Committee has held on the OST since the start of the Bush Administration. We appreciate the Committee's recognition of and interest in the range of activities going on within the OST and look forward to your continuing support as we proceed through the appropriations process.

Before describing the specifics of our budget proposal, I would like to highlight the themes and management philosophy that are reflected in our budget request. First, as a follow-on to the National Transportation Policy [NTP] the Department, beginning with the OST, is reviewing internal organization issues to ensure that the Department operates in the most effective and efficient way. With regard to OST, we identified additional training requirements, automation needs and other management initiatives that are necessary to ensure an effective organization. We need your support for modest increases in these areas.

Second, the Secretary has sought a team approach within the Department while avoiding undue oversight and control of the Operating Administrations by the OST. Nevertheless, there are areas where OST can and must play an effective oversight function to ensure intradepartmental coordination. The dynamic environment in which transportation programs operate has stimulated the creation of two new offices, the Office of Drug Enforcement and Program Compliance—featured for the first time in this budget—to oversee the Department's implementation of the anti-drug abuse rules for our regulated industries, and the Office of Intelligence and Security, which this Committee supported in fiscal year 1991. Through this Office, the safety and security of the travelling public has been given the highest priority within the Department. Many security related enhancements have been implemented and many others initiated to counter the terrorist threat to transportation.

Third, the OST has operational responsibilities in the areas of Commercial Space and Essential Air Service with growing workloads and statutory requirements that must be carried out. Finally, the aggressive agenda and wide ranging programs of this department require strong support.

The past year has been a challenging one for OST. I would like to mention our significant accomplishments.

—Worked with Congress to enact the Aviation Safety and Capacity Expansion Act of 1990, which we consider to be the most significant aviation legislation enacted since deregulation.

—Coordinated the multi-modal development of the Surface Transportation Assistance Act consistent with the themes of the NTP.

—Developed an appropriate Federal response regarding the economic state of the airline industry.

—Established the Office of Intelligence and Security along with other major efforts to implement the recommendations of the President's Commission on Aviation Security, including liaisons with the intelligence, security and law enforcement communities on transportation related anti-terrorist activities.

—Worked with Congress to enact the Aviation Security Act.

—Participated in shaping critical environmental legislation such as the Oil Pollution Act of 1990.

—Together with the Research and Special Program Administration provided crisis management oversight of the Department's role in Desert Shield/Desert Storm.

We are requesting appropriations and obligation limitations totaling $198.1 million for all OST accounts and $165.6 million in obligation authority for the Working Capital Fund. This request is slightly below the fiscal year 1991 enacted level and supports a total employment level of 1,125 FTE, an 8 percent increase over fiscal year 1991.

Highlights of each account include:

SALARIES AND EXPENSES

The Salaries and Expenses appropriation of $81.5 million is a 40 percent increase over 1991 enacted levels, due to a number of new or expanded initiatives. These include systems development, training programs and office automation, funding the Drug Office by direct appropriations and fully funding personnel costs, including additional staff to meet our increased workload requirements.

Of the total request, $11.7 million (14 percent) is for systems development. The request builds off the fiscal year 1991 enacted level, in which Congress shifted $5 million for systems development from the Working Capital Fund to Salaries and Expenses. This request will complete the development and implementation of the Departmental Accounting and Financial Information System, begin the development of the Integrated Personnel/Payroll System and identify requirements for the Uniform Procurement Management System. Upgrading the Department's financial systems is required to correct management control vulnerabilities and ensure the standardization of the Department's financial management and administrative systems.

We are also requesting $4 million to support automation, training and program integrity requirements identified by our NTP 2 process. Training is a key priority of the Secretary's. In our view, career counselling, training in the management of a culturally diverse work force, executive and management mobility and reconstituting the SES Candidate Program, in light of the Department's aging SES work force, are areas where we need to devote attention to prepare for demographic changes in the profile of the DOT work force and ensure our capabilities to meet future challenges.

Our request includes $47 million for the personnel costs to support 710 FTE, a 9 percent increase over the 1991 enacted level of 652 FTE. The staffing increase of 58 FTE includes 41 FTE for systems development, 7 FTE for the establishment of the Office of Drug Enforcement and Program Compliance, 2 FTE for the General Counsel to support the Commercial Space program and 8 FTE for Administration primarily to support training, acquisition management and program integrity activities.

OFFICE OF COMMERCIAL SPACE TRANSPORTATION

For the Office of Commercial Space Transportation, we request $4.8 million to strengthen regulatory licensing and safety research activity in response to the continued growth in commercial space transportation and launch site activity. Twelve successful launches have occurred since 1989 when licensed U.S. commercial launches began. The first 1991 quarterly commercial launch manifest, issued on February 7, listed 35 launches that are expected to take place over the next few years. A recent Department of Justice opinion shifted five of the launches from the manifest. The budget also assumes that $300 thousand in user fee collections will support the licensing program. The Notice of Proposed Rulemaking on our user fee proposal was published in February.

The fiscal year 1991 DOT Appropriations Act reduced funding for OCST by 20 percent below the fiscal year 1990 enacted level. As a result, it has been extremely difficult for OCST to carry out its growing workload and new responsibilities. DOT's workload has increased significantly. In fiscal year 1990, OCST supervised eleven orbital and suborbital launches, evaluated one proposed spaceport site, published a study of commercial payload processing facility, issued 10 launch licenses and completed four insurance studies. In fiscal year 1991, OCST is faced with seventeen launches, issuing over a dozen licenses, working with almost a half dozen new vehicle designs (including reentry vehicles), and studying several new launch site prospects. Nevertheless, the level of fiscal year 1991 funding approved by Congress is about the same as fiscal year 1989 when there was virtually no commercial launch activity.

Moreover, with reduced funding the Office is not able to implement fully its new responsibilities. The President approved a new commercial space policy in 1991, further emphasizing commercial activities, and signed the 1991 Reauthorization Act which has significant implications for DOT. These include new responsibilities for facilitating development of commercial space launch infrastructure; establishing a new priority on the issue of orbital debris; and requiring NASA to procure commercial space launch services whenever feasible.

We appreciated the Committee's efforts to increase funding in fiscal year 1991 and seek your continued support for fiscal year 1992.

PAYMENTS TO AIR CARRIERS

For Payments to Air Carriers, an obligation limitation of $38.6 million is requested, to maintain existing subsidized service and provide upgraded service to eligible communities. Of this total, roughly $12 million is included for upgrading the quality of air service (e.g., larger, pressurized aircraft) at selected communities, in conformance with statutory criteria. Our request—equal to the contract authority authorized last year for fiscal year 1992—is critical. Authority to implement Passenger Facility Charges (PFCs) hinges on obligating $38.6 million for Payments to Air Carriers. In our view, this commitment is a small investment to make to achieve the much needed infusion of revenue for airport capacity which PFCs would generate.

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

Our request of $4.2 million for TPR&D finances intermodal studies in support of policy development and represents the only source of funds at the Secretary's immediate disposal to undertake analysis of issues as they arise. Nearly one-third of our proposal for fiscal year 1992 would fund studies and analyses to understand the economic implications of transportation policy issues. Also, in fiscal year 1992 our proposal reflects the shift of the Electronic Tariff Filing System and the University Research program to the Research and Special Programs Administration. Given the operational nature of these programs, it is our view that they would more appropriately be housed in an Operating Administration. RSPA is a fitting location given its umbrella research activities and its responsibility for the Aviation Information Management System.

HEADQUARTERS FACILITIES

A new account, Headquarters Facilities, includes $69 million to cover certain costs associated with construction of a new DOT headquarters building such as communications, that are not covered by the basic GSA construction standard. The President's Budget includes $473 million in the GSA budget for the new building. We are eager to move ahead with the new Headquarters building and believe that consolidation of major elements of the DOT headquarters activities will promote efficient operation.

We have not continued the consolidated account for funding our GSA rent costs. Rather, the funds are included in each agency's budget. I ask your support for this approach. I also urge the Committee to provide the full amount to cover GSA rent costs in 1992.

WORKING CAPITAL FUND

We are requesting obligation authority of $165.6 million for the Working Capital Fund to fund common administrative services that are performed centrally in the interest of economy and efficiency. The increase of $79 million over the fiscal year 1991 enacted level of $86 million, is due in large part to restoration of obligation authority for GSA space rental costs associated with headquarters space.

Increases in the WCF ceiling are needed to finance automation improvements including acquisition and installation of a Headquarters Local Area Network, and improved technology to enhance the capability of the Transportation Computer Center to accommodate increased workload. We are also seeking support to begin an intern program and establish a clerical pool to help address our workload requirements in the long term and on a temporary basis.

CLOSING REMARKS

As we look ahead to fiscal year 1992, there are a number of goals and challenges facing OST—ranging from commercial space developments and the state of the airlines to the capabilities of our workforce. We seek your support for the resources necessary to carry out our responsibilities and to meet these challenges.

This concludes my prepared remarks. I would be pleased to answer the Committee's questions.

INTRODUCTION OF ADMIRAL ROBBINS

Senator Lautenberg. Admiral Robbins, did you have a statement you wanted to make?

Admiral Robbins. No, sir.

Senator Lautenberg. We are happy to have you here.

Ms. Chao. Senator, if I could—I believe this is Admiral Robbins' first appearance before the committee.

Senator Lautenberg. In this capacity perhaps, but I think in his former life, he had some committee exposure.

Ms. Chao. Yes, yes; you have known him much longer. We wanted him to be here, because we understand that security is your main concern. We want to be as responsive as we can in answering any particular questions that you may have.

Senator Lautenberg. Well, we are delighted that the Admiral was invited to be here. Again, we have known each other. We have traveled together. As a matter of fact, interestingly enough, I assume that you heard that there was a settlement agreement with Exxon.

Ms. Chao. Yes.

Senator Lautenberg. And we were up to see the *Exxon Valdez,* on the rocks within a couple of days after the vessel started to founder. And what we saw then did not give us any indication of anything specific, but we knew very well that there was trouble afoot. It was, unfortunately, one of the worst accidents of the century, or perhaps history, until the Persian Gulf spill.

Our criticism of aviation security measures is particularly focussed on the foreign carriers. I know that this is a difficult area, but the overriding issue is whether or not we are guaranteeing the same level of safety to Americans who travel on foreign carriers—foreign carriers who ply their trade here, who come here because this is a terrific market, who come here because they see profit opportunities.

One of the things that we have tried in the general commercial relationships is to make sure, as much as is possible, that American companies are not disadvantaged because of other nations' rules. We are not talking about the commercial relationships; we are talking about our obligation to make sure that our passengers travel as safely as they can whether they get in one of the American carriers' airplanes or whether they travel on British Airways or Air France or any of the others who come here.

So we are going to stick to that statement in terms of a measure of disappointment. That does not mean that we do not respect and appreciate all of the effort that has gone into the security mission. I know that the Secretary, Admiral Robbins, and I am sure you, Ms. Chao, have a commitment to fulfill that obligation. It goes beyond the particular letter of the statute or the letter of the report that came from the Aviation Security Commission which says we want to protect our passengers. We are not going to let them be subjected to any threats, terrorist or otherwise, that might come about.

And I just want to say that I know that you believe, as you said in your opening comments, that this is a reasonable budget. I never met anybody in the executive who did not think they were presenting a reasonable budget.

We start with some of the questions on security. Admiral Robbins, we will direct these questions to you——

Ms. CHAO. OK.

SECURITY PROCEDURES FOR FOREIGN CARRIERS

Senator LAUTENBERG. If, Ms. Chao, you have no problems with that.

I have written Secretary Skinner regarding your proposed rulemaking related to the security, the problems of foreign air carriers serving the United States. What is the likelihood of meeting the May 15 deadline for issuing new rules regarding security procedures to be followed by foreign carriers?

Admiral ROBBINS. I think it is pretty good. It is moving along. We took the rapid route in putting the action together. It will depend, of course, on how many comments we get and what kind, but I think we can meet May 15.

Senator LAUTENBERG. So you have been open to public comment for some weeks now?

Admiral ROBBINS. Yes; I have the date here that it actually went out, but it has been some time.

Senator LAUTENBERG. Have you had responses to that request?

Admiral ROBBINS. Yes; we are getting responses. I cannot talk about them, because it is a regulatory action, but they are coming in. We, with your permission, would like to add your comments in your letter to that action and make them part of the docket.

Senator LAUTENBERG. Absolutely. Do you get any sense of the passenger attitudes, whether they think that traveling on domestic carriers is more or less safe than traveling on foreign carriers?

Admiral ROBBINS. It is hard to tell. As I have traveled around and talked to passengers, there does not seem to be a concern that I have been able to discern about which airline is the safest. They may be concerned about the specifics at some particular location more than they are about a particular airline, whether it is foreign or domestic.

Senator LAUTENBERG. Well, I think the fact that we are more stringent in our rules for U.S. carriers, that an impression could be created that that is necessary, because we are more the subject of terrorists' acts or more vulnerable, which, frankly, I do not believe.

Ms. CHAO. Senator, if I could, I was going to address that as a rejoinder to Admiral Robbins' comments. In terms of the traveling public's reaction to the increased security measures that have been implemented, we find that most American passengers do not resent these increased security measures. In fact, I think most people have adopted a cooperative and good attitude in that they feel that this is for their own benefit. We do not feel that the American traveling public is rebelling against these security measures.

Senator LAUTENBERG. Well, personal observations as well as comments have come my way. I believe that passengers who want to fly without going through the routines, commonly called the hassle, of security inspections will often turn to a foreign carrier. Abroad, the lines for Pan Am or TWA or American or whoever, our carriers, are much longer because we go through a more thorough process; whereas I notice that often with the domestic carrier in those countries, it is pretty easy to move through the line. And I hear a lot of complaining that it has to be done. I agree. In connection for instance with the security level 4—is that what it is called—that is now in place?

Ms. CHAO. Yes.

Senator LAUTENBERG. And I understand there is consideration for relaxation of those rules.

Ms. CHAO. Right, Secretary Skinner mentioned a couple of days ago publicly that he will reevaluate the situation. We understand very well the loss of revenue to the airports and airlines.

Senator LAUTENBERG. Oh, it is not only the concessionaires. It is the inconvenience.

Ms. CHAO. Yes. Yes.

Senator LAUTENBERG. Elderly people who need a companion to take them up. By the time they finish filling out what amounts to an application for a passageway——

Ms. CHAO. I understand.

NOTIFICATION GUIDELINES

Senator LAUTENBERG. It gets to be very cumbersome. But we have to do what we have to do and never can we relinquish safety.

One of the major concerns expressed to me by the families of the victims of Pan Am 103 was that there were inconsistent, sometimes contradictory, guidelines for notifying the public about possible threats. What has been done in the development of consistent notification guidelines?

Admiral ROBBINS. We have done a great deal of work on that. Right now there are procedures in place that handle the international areas. The State Department, of course, was given the responsibility for that. They have worked very closely with us and with the other agencies that are involved to ensure that the public is told if there is a threat that is credible and that cannot be countered.

It is being watched very carefully by everybody that is involved with this business. There are many nights I think about it a lot, rather than sleeping, and others do as well. That is pretty much in place.

Senator LAUTENBERG. Do we have a consistent procedure in terms of when we notify the public at large, when there is an internal instruction to raise the alert level? Are there other criteria by which you can measure what your directives ought to be to the airports and the airlines?

Admiral ROBBINS. The bottom line is the individuals who are involved in making the decisions. I am heavily involved in that. It is a subjective decision in the final analysis. But those decisions are being made at the highest level. We have been very careful not to write absolute criteria because they do not work in most of the cases.

We put the human factor in it and make sure that the people that are in that chain know what they are doing. They are the security specialists. I am in on every major one. I will hasten to say that with local threats, particularly in the United States, where you have a threat that is handled on the local level, you lose some modicum of control.

But we follow up on those. We ensure that the people that are at the local level are handling them promptly and properly. For every one that we have looked at, the final analysis has been that people have been particularly careful to make sure that the public is notified as appropriate. Every one of those threats are taken seriously.

There are a lot of airplanes parked on the back 40 while the airplanes were searched rather than take a chance on what could have been a hoax sort of threat.

IMPROVEMENTS IN SECURITY PROCESS

Senator LAUTENBERG. What kind of improvements would you say have been made in the security process since your department has been developed and since you have come in? Can you point to some things that suggest that security is better?

Admiral ROBBINS. We were overtaken by events a little bit with Saddam Hussein marching into Kuwait. It changed the equation and the manner in which we were operating because we needed to do something immediately. Before that, we were working on airport contingency plans and contingency plans to upgrade the alert level as some instance might dictate.

Well, with Saddam Hussein's actions over there we had to go to the level four. And so the procedures were immediately put in place. At the same time we were getting a lot more threats than we had ever gotten before, the same kind we had gotten in the past, but ones that had to be tracked down. So FAA went into a crisis action mode as we did at the Department, where somebody was on call all the time.

We went into a military type operation to ensure that we had——

Senator LAUTENBERG. My time is up. We will go to my colleagues. But I want to come back to this and see if we can be a little more specific on some of the things that come to mind.

Senator D'Amato.

THERMAL NEUTRON ANALYSIS [TNA] DEVICES

Senator D'AMATO. Thank you, Mr. Chairman. If I might be permitted to pursue that line of questioning.

Admiral, have you read or are you familiar with the OTA's summary as it relates to technology against terrorism, the Federal effort summary that just came out?

Admiral ROBBINS. I have not seen it. I understood that it was out, but I have not seen it yet.

Senator D'AMATO. I recommend it to your attention. And as a matter of fact, do we have another one available? I will make it available to you now because on page 5 the Office of Technology Assessment makes findings that requiring the mass acquisition of thermal neutron analysis [TNA] devices for installation at airports at this time is inadvisable.

Now, this has been something that the commission, that the chairman and I and the commission members, notwithstanding some consternation, if I might be permitted the latitude to make editorial comment, consternation of the Department of Transportation because there was a very strong move to go in this direction.

What is your state of mind as it relates to the TNA's?

Admiral ROBBINS. First, if you would, Senator, I have not seen that particular paper. But we have been working very closely with OTA on that. We helped them with their classification of it. So it is not a surprise, what is in there.

I certainly agree with you that going out with a mass of TNA's would not be sensible at this time. And we do not intend to.

Senator D'AMATO. Good.

Ms. CHAO. We have the current six outstanding, which the Government purchased; three of them are installed right now. We have got three more, the locations of which will be announced shortly.

Senator D'AMATO. Will all of this be within the country, those other three that you are looking to be installed?

Ms. CHAO. Yes.

Senator D'AMATO. I have to tell you, I really think it is a——

Ms. CHAO. Two will be in the country, one will not.

Senator D'AMATO. One will not. I do not know why you push ahead with them. I think it is a colossal waste of money.

Ms. CHAO. Let me also say that we understand that the TNA may not be the most optimal system. We, in fact, are exploring research and development of other explosive detection systems. In this year's budget FAA made a request for about $24 million to evaluate some of these other technologies.

Senator D'AMATO. That is the kind of thing that seems to me to make sense. And I think the chairman would be supportive. The research and development efforts, as a matter of fact, OTA even indicates, I believe, that for rather modest sums that could be invested in research and technology. And Senator Lautenberg has been a proponent of that, that it may have great dividends.

But it seems to me that to push ahead with the installation of two or three additional ones that cost millions of dollars, millions, notwithstanding that we appropriated it, it would be far better to put that money into other kinds of security than this machine that is not going to really do the job; however, you lead people to believe that it is.

You know what you do? You create terrible disruption at the airports while this is going on, with months and months of construction work. I think it is an obstinate, and I address this to you, Admiral, kind of institutional mentality that says we did it, we got these machines. And by God, we are going to put them in there.

Admiral ROBBINS. Senator——

MERITS OF TNA

Senator D'AMATO. When God gave you no, you probably said well, Congress passed legislation that said we should do it.

Admiral ROBBINS. Senator, we have six of these units. We have, with the help of the company, upgraded those units.

I do not think the theory of TNA is dead. I think there is a lot that can be said for that kind of technology. However, we have six items that the taxpayers have paid for. My feeling is if there are airports that want them, and there are, believe it or not——

Senator D'AMATO. I do not. Do you know how they want them? They want them when you come and turn their arm. You twist my arm, you do not even have to threaten to pull out my fingernails, I will go along with you.

Admiral ROBBINS. The Brits have one at Gatwick and they are talking about another one at Heathrow. They have found that it is useful in the manner in which it is being used.

I do not want to come across as trying to defend TNA, but we need everything we can get and every piece of equipment that is out there that will help us find a possible bomb. If we have not gone to the extent necessary to do that, I am not doing my job.

I would like to see these used if there is somebody who is willing to take them on. And there are.

Senator D'AMATO. Are you suggesting then, Admiral, that there is not subtle pressure being applied, that people are volunteering and saying come on, put it into my airport? Are they asking you to do this? Or are we requesting?

Be candid with me. I will find out.

Admiral ROBBINS. You will need to because I have not talked to them directly, Senator. It would be less than candid for me to say that I have.

Senator D'AMATO. Then let me suggest to you that it has only been under intensive pressure applied to various airports and people that they have gone along with the installation of these. It is not a situation where they volunteered.

And there is the cost of putting them in. As Senator Lautenberg said, there are lots of other security arrangements, devices, et cetera that are going to really do something.

But I would commend you to read this.

Admiral ROBBINS. I think I have read it.

Senator D'AMATO. I am pleased that, as you indicated, you are not going along with the crash program.

Let me make one other observation, if I might. I know my colleagues wait.

The legislation that Senator Lautenberg and others sponsored did not require foreign carriers to meet, quote, "the identical security standards," only similar standards. That is a big difference.

I think that for those U.S. airlines who want the foreign carriers to have the same financial burden re: Security as their undertaking, I think the Department's position, your position has been the right one. I do not want you to think we are just coming down on you. You have been correct; we cannot impose identical standards.

Yes; we want a level playing field. But the requirements on foreign carriers, if we impose identical standards, are going to open up the door to retaliation. So I think yours is a tough job. I say this to the deputy, to get that even balance, and I commend you for undertaking it.

I think to insist on identical security, which some of our carriers are asking you to carry the ball for them on, would be a mistake.

Yes; substantially upgraded security, security that meets the state of the art that is practical and possible, certainly. But certainly not identical. And that is not easy, but I think the Secretary has done a good job. And, Admiral, you have done a good job in trying to work for a level playing field, but not one that can be identical. That is just simply not achievable.

I thank the Chair.

Senator LAUTENBERG. Thanks very much, Senator D'Amato.

We will go to this side and call on Senator Sasser for his questions. Welcome, Senator.

AVIATION INDUSTRY

Senator SASSER. Thank you very much, Mr. Chairman. First off, Mr. Chairman, I want to commend you for your vigilant effort to try to effect safe skies here in the United States.

One patriot said at one time that eternal vigilance is the price of freedom. Well, you might turn that around and say eternal vigilance is the price of safe skies and safe air travel.

Mr. Chairman, you have, I think, led the way in that regard and have continued to show great resolve in making sure that our skies are as safe as possible, and I want to commend you for that. I think air passengers everywhere can be grateful to you for your efforts in that regard.

I wanted to make one statement here today if I might, Mr. Chairman, hoping that the Deputy Secretary will take it back to the Department of Transportation. I did not want to miss this opportunity to speak to a very high level official in the Department of Transportation.

I am very concerned about what is happening in the airline industry here in this country. We are standing on the sidelines and watching the destruction of the air transport industry here in the United States. In my judgment, in very short order we are going to have two or three or four monolithic airlines, and that is all that is going to be left.

Now, some years ago when Northwest Airlines was being—discussions were under way for the purchase of Northwest, I had a conversation with the Secretary of Transportation, Mr. Skinner, at that time.

I indicated to him that what was going to occur with Northwest was precisely what had occurred with TWA and what had occurred with other airlines, in that these highly leveraged buy-outs take place and then the first little bumpy economic weather that comes along, the highly leveraged purchasers then simply cannot service the indebtedness.

They start selling off parts of the airlines, all sorts of problems occur, and we just sit on the sidelines and watch this occur with airline after airline after airline.

Now, in my view, what we are witnessing here in the not-too-distant future are foreign carriers—calling on foreign carriers really to come in and bail out American air carriers who used to be the premium carriers, or premier carriers, domestically and worldwide, and I think that is really an unfortunate circumstance, and I hope, Ms. Secretary, you will take my views back to the Department and share with your colleagues that we simply are going to have to take some steps to try to aid this industry in such a way that it can aid itself.

I have constituents complain to me constantly first about the lack of air service into their community and then second about the exorbitant prices they have to pay flying out of these so-called captive hub airports. It is a serious, serious national problem that I think is getting worse, and I cannot see anybody in the administration who appears to be concerned about it or paying too much attention to it.

Those are my views, Mr. Chairman. I thank you for giving me the time to express them.

Ms. CHAO. I think the Senator brings up some very important points. You are right. I think the aviation industry is going through some very challenging times and clearly these are times which they have not encountered before.

I think, in a way, these particular times were brought on and accelerated by the events of the last 7 months. Clearly, what has happened in Operation Desert Shield/Desert Storm has accelerated this trend. The doubling in the fuel cost, the fear of travel due to possible terrorist threat, the recession that is currently on us—all of these factors have influenced passenger volumes, and also the profitability for the airline industry.

These 7 months have been tough for them, and they have lost over $2 billion. We are very much aware of that. From the very outset we had met with the airline industry—especially with CEO's, the representatives, and ATA—in an attempt to see whether there were ways in which the Federal Government could help.

From the outset it was accepted, and I think you would agree, that a total Federal bailout is not going to be possible, and I think in recent testimony that has come up as well. I am not sure, for a whole host of reasons, why a full-scale bailout would work.

LEVERAGED BUYOUTS

Senator SASSER. If I might interrupt there, why should the Federal Government, the taxpayer, have to bail this out? Why did we stand on the sidelines and let these leveraged buyouts take place?

Ms. CHAO. You will not find any argument with me. I am a banker. I am not for leveraged buyouts, and I think you will find that with Secretary Skinner as well. When we first came into the Department we were very concerned about Northwest, and that was precisely why we were rather aggressive in our handling of the structuring of Northwest in terms of foreign equity and the amount of debt that could be accumulated within the company.

As you recall, right after Northwest was the United transaction. At that time, there was a proposal for a major leveraged buyout of United. As it turns out, the market by its own force shut the doors. Northwest was the very last deal that got through the market. So in a way the market has a rhythm of its own, and when it became too unhealthy the United deal fell apart. It could not get through.

Be that as it may, we are not proponents of leveraged buyouts. We are certainly aware, in retrospect, of the very painful aspects of high leverage on the company.

The question, as we go forward, is how do we handle the situation? Let me just say also that the American airline industry is still feared and respected abroad. One example of that, just recently, is the United States/United Kingdom talks about Heathrow Airport in terms of the routes that Pan Am wanted to sell, and also letting TWA and Pan Am be replaced by United and American Airlines.

The Brits took a great deal of time in negotiating with us. We did not conclude this deal until Sunday night. The announcement was not made until this past Monday. It was an excruciating, painful set of negotiations, primarily because the British knew that American carriers are very strong and dominant and that they would be a very dominant force in the international arena. American and United are going to be very strong competitors in this transatlantic marketplace.

What I am saying also is that the international aviation industry is changing, that the trend now is toward more globalization. We have seen American Airlines take up small parts of participation by foreign carriers, foreign investors. We have also seen American carriers take up similar reciprocal participation in foreign airlines. For example, Delta has invested in two other foreign airline companies. It is not as if Delta Airlines alone is a recipient of foreign funds.

So, what we are seeing is a dynamic new age for our airline industry in which there will be more globalization, there will be more participation across barriers in terms of capital, revenue-sharing, and marketing arrangements. Sir, that is part of the new world that we are facing.

I still believe that our airline industry is going through a very exciting and challenging time. We are going to have very strong carriers. There will be pockets, still, of trouble that you have just mentioned—for example, the high concentrated hubs, and the exit of certain carriers such as Continental, I am sorry, Eastern. Not Continental yet.

Senator LAUTENBERG. Do not add yet to it. They are a very important carrier of Newark, NJ.

Ms. CHAO. There will be very important aspects about the hubs that we are watching very carefully as well.

U.S. INTERNATIONAL CARRIERS

Senator SASSER. Let me ask you this question. The next apple to fall off the tree is going to be Pan Am. Are we just going to stand around and let Pan Am go under? That appears to be what is happening. This is a great, proud, American airline.

Ms. CHAO. I think what we have done with the United States/United Kingdom talks is in part a great reflection of our concern with Pan Am. We have worked very closely with Pan Am at every stage of their critical financial positions and we have worked with them to ensure that responsiveness is forthcoming from the Government. We are not saying that it is potential, but clearly we are very concerned about the timetables and the actions which they have to take.

Again, one of the pressure points for the United Kingdom/United States talks in terms of the sale of the routes has been the plight of Pan Am.

Senator SASSER. I do not want to impinge on my time unduly, but one of the questions I ask myself is, you see the great U.S. international carriers—Pan Am and TWA—in very, very serious trouble. They tried to avoid their troubles initially by saying well, if we could just get feeder domestic airlines to feed our international flights, that will take care of our problem. They got their so-called feeder domestic airlines, and that did not seem to relieve the strain on them at all. In fact, if anything, it made them worse.

Ms. CHAO. Well, the Government certainly did not say that was best for them. That was something that they said they wanted, so in a way it is a reflection about the company.

INTERNATIONAL AIRLINE COMPETITION

Senator SASSER. What I would like to get you to comment on, can international airlines such as Pan Am and such as the old Pan Am and the old TWA, can they compete effectively and stay in business against the subsidized international carriers of other countries?

Ms. CHAO. That is a good question. Our American carriers are not viewed as wimp airlines. They are viewed as very formidable competitors. They have tremendous competitive capabilities. Their ability to calculate yield with the CRS system, for example, is a tremendous marketing tool.

We would not have such barriers and obstacles to entering some of these local markets if we did not have very competitive airline carriers. Most of the European countries are terrified of American airlines going into the marketplace.

What we are seeing more and more, with the advent of EC–92, is a trend toward more liberalization. That stage and that era is going to come and we are just going to have to prepare for it.

Senator LAUTENBERG. Thank you very much. Senator Kasten.

AVAILABILITY OF SLOTS

Senator KASTEN. Mr. Chairman, thank you. I wanted to just ask one quick question with regard to the Aviation Safety and Capacity Expansion Act of 1990. I know that we have been working back and forth on this. You also mentioned the inquiry into the state of the airline industry.

One of the concerns that I have pursued for quite a while, both here and also in the Commerce Committee, is the problem of the availability of slots to either new carriers or limited incumbents at some of the key airports, particularly Washington National Airport. But is also affects some of the other airports along the east coast.

What we are trying to do, it would seem to me, is we want to permit increased competition. I happen to represent one of the two airlines that was born during deregulation, Midwest Express, and is doing well. And yet, they are unable, right now, to expand their service because of this slot problem.

And even though we are seeing major mergers, and changes, and takeovers, somehow, out at Washington National, Midwest Express and America West, a couple of others, continue to be fenced out by the other people. I am not sure if they are being fenced out because the others are afraid of the competition, if they are being fenced out. But one way or the other, several carriers find themselves locked out, particularly locked out of Washington National.

Now, it creates a major problem, and you do not have to be a transportation expert to understand the problem that occurs when you can only have one or two flights in and out of a city. You still have to have advertising, you still have to have ticketing, you still have to have phone numbers. I mean, the whole problem, and it is amazing that they can compete as successfully as they can already.

I do not know where the rulemaking stands right now on slots, as to whether it has gone to OMB yet or if it is still with the Department of Transportation. Could you explain to me where you are on the rulemaking and where it stands, what progress we are making, and what hope I can give to some of the people who I am trying to represent in this very complicated slot process?

Ms. CHAO. I will be more than glad to answer that, Senator. We agree totally with you.

In our competition study on the domestic airline industry, we pinpointed several problems, one of which, obviously is the slots. The second one is the airport gates. In response to our concern with the slots being a potential barrier to entry, we, indeed, had initiated a notice of proposed rulemaking.

The issue is an incredibly complicated one, and I am not trying to garner any excuses for myself. But in talking with past Secretaries and past administrations, this issue of how best to handle the slot issue has been ongoing. It is a perpetual problem. I am not making excuses.

Senator KASTEN. I know it has been complicated, but what is the answer to my question with regard to the rulemaking?

Ms. CHAO. There are lots of solutions. We have a statutory deadline of July 1. We hope to beat that deadline pretty substantially. Right now the rulemaking is still within the Department, and we hope to get it out to OMB pretty shortly.

SLOT UTILIZATION

Senator KASTEN. I do not know if you are close to this whole process or not, and if you are not, just simply say that you can get this back to me in the record. But one of the problems is the way that you evaluate slot utilization. In other words, you say someone has to use 60 percent or 65 percent, whatever.

What people do, for example, what U.S. Air will do is, they will use, and I think you want that 60-percent limit reached over maybe a 3-month period of time, I think. So what they will do is, they will see that they are not up to their 60 percent for that particular one. So for the last month, they will kick in a 95-percent flight in order to cover 30 percent for the first two, and then just barely make that threshold.

Now, to me that is just against the spirit of what we are trying to do. And yet, we have got people standing in line, literally, that would like to use that slot and use it at almost 85, 90 maybe, whatever, a very high capacity.

We have been trying to get other flights in for 2 years now and even with all the changes, and mergers, and acquisitions, slots should be coming available and they are not. They are not available at any price. Can we change that threshold? Can we change that percentage utilization so that we will prevent people from, in effect, babysitting their slots?

Ms. CHAO. What you have just pointed out is very true. When it is calculated as such, there is a lot of game playing going around.

It is not efficient utilization of these assets by the airlines themselves. We recognize that.

So in the notice of proposed rulemaking——

Senator **Kasten**. Then let us change it.

Ms. **Chao**. We are looking at it. We are not finished writing it yet, but that certainly is one of the utilization points. It is obviously very controversial, and it is one of the areas that we are taking a look at.

If I could also address your particular company, let me just say that it is still a fully competitive open bid and everyone has an opportunity to bid on the slots. They are available from time to time. They go to the highest bidder, and from my understanding, Air Midwest apparently put in a bid for the slots and they were outbid. If you want, I can look more into it for you.

Senator **Kasten**. We can go back on that. We have been successful in getting into LaGuardia, I believe, in the last year or so, with one increase. But the whole process—I mean, some of us believe that we are going to have to just legislate this and we came very close to doing it last time, basically.

And that is not the way to do it. You should do it. You can do it better than we can, and I have got four or five nods from right behind you saying you are right, we can do it better. But you did not do it.

Ms. **Chao**. It is not through lack of concern. This issue is a question of have and have-nots. It is a question of competitiveness. We are going to get this rule out. The Secretary has promised it on various other occasions. Again, we hope to get it out substantially before July 1.

MARKET OPPORTUNITIES

Senator **Kasten**. In conclusion, I would be on the same side, whether or not I represented Midwest Express, because I think what we want is competition in the airline industry, and what you have heard this morning is people complaining about the lack of competition or the seeming lack of competition. And you have been defending the policies and I think you have been defending them well.

But if you are for competition, that means you should be for entry into marketplaces and you should not be able to have artificial barriers to entry such as the slot situation has now created.

Limited incumbents and new entrants should have opportunities to come into these markets. And right now, because of the slot situation, they do not. So yes, I am fighting for a particular airline, Midwest Express. But I am also fighting for the basic concept of entry into a marketplace which many believe is being thwarted more and more by financial and other factors in the airline industry.

So you should be aggressively for changing this because you should be aggressively for allowing people to enter into this marketplace and not have the artificial barrier of slot limitations.

Thank you, Mr. Chairman.

SLOT ALLOCATION

Senator LAUTENBERG. Thanks very much, Senator Kasten. I absolutely agree with you in terms of what constitutes an ability to compete, not just the competition itself. And here is an asset that is really the people's property, and it becomes a part of a proprietorship. It is very, very tough. We want all of the carriers to have the ability to compete and we do not want to see the opportunity for the newer carrier, who might serve a slightly different marketplace, be diminished because they cannot get the slot.

And the question also revolves or evolves, I think, around the gates as well. There ought to be some requirement as you consider your rulemaking that the usage factor be calculated in a more balanced way.

They could average the daily averages, which is always a very problematical, mathematical thing. But, there should be some way to find out whether, Senator Kasten, these slots are being used on a regular basis, providing the service.

What we have done, I think, over these last years, is we have created a set of conditions that make new entry almost impossible. You can point to small ones that pick up here and there. But if you look at the weakened financial condition of the airlines, pursuant to Senator Sasser's discussion, where one-half of the net worth, I think, of the airline industry was lost in the last operating year.

It is quite a telling situation, one that could suggest that we might continue to lose our carriers.

Madam Deputy, you said the airlines are not thought of as being wimp airlines. I do not think so, but if their financial condition is so weakened that they cannot invest in new equipment, and they cannot perform the kind of service that we would like to see without every day being in the newspapers, concerning their weakened financial condition.

We have two significant carriers in various forms of bankruptcy or reorganization. We have others on the verge, and we are looking at a situation where we might have fewer airlines, perhaps with more strength, but perhaps not.

SECURITY IMPROVEMENTS

I want to get back, as I said, Admiral Robbins. You started to detail some of the operations improvements that you have seen since your arrival——

Ms. CHAO. Mr. Chairman, I am sorry. Could I just interrupt? I did not realize you were shifting gears. I want to correct something for the record. The NPRM on the slots, I remember now, we had cleared it actually about 2 weeks ago, so it will be sent to OMB shortly.

Senator LAUTENBERG. OK. We look forward to seeing the results of that.

So I am asking for specifics. You briefly addressed the post-Saddam Hussein era, at least his arrival, not yet his departure, which cannot be soon enough. Oddly enough, the security threats were more significant in terms of their accomplishments on the terrorist side before Saddam Hussein's invasion of Kuwait.

We have had several terrible tragedies take place. So we have to be prepared, regardless of the outcome here, for terrorist threats. That is the ultimate weapon against democracy—for some isolated individual with a small network, to be able to bring down an airplane.

So what in your view are the most significant structural changes, if you can point to any, that have taken place in the DOT that provide our passengers with a greater level of security?

Admiral ROBBINS. To speak first about what we are doing within the Department is important, because a lot of the things that we are doing only accentuate and feed on what FAA is doing. We are doing oversight of FAA. We are looking at what they are doing, and assuring that what they are doing is appropriate, that we support it, and encouraging them.

AUDIT OF FAA SECURITY PROGRAMS

Senator LAUTENBERG. Do you audit their programs?

Admiral ROBBINS. Oh, yes, sir.

Senator LAUTENBERG. You do.

Admiral ROBBINS. The Office of Intelligence and Security provides oversight review of FAA's security-related regulations and procedures. This is not an audit per se.

I have a very close working relationship with the new Assistant Administrator for Security, and that has been very helpful. We speak several times daily, weekends included. We have both spent time in each other's office on weekends, as we have worked through some of the problems that we have had. We have a close working relationship which I think is very important, because he, after all, is the operator. He is the person that has to be directly involved with day-to-day operations.

My role becomes a little more esoteric but very important as well, because what we have put in place is an intelligence network that supports his intelligence operations. As you know, we did not bring the intelligence out of FAA and put it at the Department.

We formed our own network. While we are not up to speed completely because it takes quite a lot of equipment and time to put together something like that, we have found ways around it, hand-carrying documents and that sort of thing, classified fax. We have been able to put in a system that is very good.

We have the staff on board, and we have worked very hard with the intelligence community to make sure that we are getting the information that they have. My past experience with them, plus the people that I have on my staff who have worked with them helps.

I have Captain Wright on my staff who has been with Coast Guard intelligence for years and knows the business. I have a CIA person assigned to my staff full time. My deputy came from the Secret Service. When you can back good communications with people who have good relationships with the IC, the intelligence community, you can build a good system.

AVIATION SECURITY REPORT RECOMMENDATIONS

Senator **LAUTENBERG**. Let me ask you, you have seen in the report from the President's Commission on Aviation Security and Terrorism, some of their recommendations were ultimately turned into law. Do you look at those recommendations and measure against those the specific steps that have been taken? What do you see in terms of training airport inspection personnel? Do we know whether there has been an improvement? Does the wage scale reflect the seriousness of our concern? These things that are rather obvious. Do you get into that or is that left entirely to FAA?

Admiral **ROBBINS**. No; it is not left entirely to FAA. Just this morning, I was talking to FAA about the security check points and the training that is going on there.

It is somewhat improved. It is not as good as I would like to see it, nor what General Steele would like to see. There is still work to be done, and there is a notice of proposed rulemaking out that will address those issues. In the meantime, I am pressing the airlines and everyone else to improve those checkpoints as much as possible.

The Commission report is the model, as far as I am concerned, for what I am doing. I use those 64 recommendations, 43 of which are primarily the responsibility of DOT, as guidance on what needs to be done.

The law itself, there were some items in the Commission report that were not in the law, and we are following up on them as well.

Ms. **CHAO**. Of the 43 recommendations I would say we have completed 7 already and 34 are under way. There are two, of which I would be very frank, we have not implemented.

One is the transfer of the FAA intelligence portion over to OST. Instead, we have set up an Office of the Secretary liaison. The second is the civil penalties issues, which I believe you are very familiar with. All of the other recommendations are being implemented.

Senator **LAUTENBERG**. Are in the works? Now you are saying 7 of the 43 have been put into place.

Admiral **ROBBINS**. Yes.

Senator **LAUTENBERG**. That report will be 1 year old in May; the legislation took place, I guess, 6 months ago, November 1990. That is when it was signed.

Ms. **CHAO**. A number of these are in rulemakings.

Senator **LAUTENBERG**. I do not want to make this a numbers contest, because that does not really tell us a lot, but when you say the others are in the works——

Ms. **CHAO**. A lot of them are rulemakings.

Senator **LAUTENBERG**. What does that mean in terms of a timeframe?

Ms. **CHAO**. Many of them are rulemakings, so they are directed by a timeframe of their own. We can get that information for you if you like.

Admiral **ROBBINS**. The seven that are completed, some of those are rulemakings that are under way. Some of those recommendations, of course, were long term, to put pressure on the foreign governments to do something or the other. And those are under way.

We will probably never say they are completed because we want to continue that pressure.

IMPLEMENTATION OF REPORT

Senator **LAUTENBERG**. Right. You know, it would be helpful to me if we could have a statement for the record on those seven items that have been put into place. We can measure the relative importance of the seven versus the remainder. Perhaps some of them do not have quite the same impact and therefore, maybe, they can be put on the back burner.

Ms. **CHAO**. Let me assure you, none of them are put on back burners.

Admiral **ROBBINS**. Yes; there is no intention to dodge.

Senator **LAUTENBERG**. I am sure of that, and there is no suggestion that there is. It is just that sometimes pacing is viewed in different places as being fairly different in their accomplishments.

Ms. **CHAO**. We are more than glad to supply that.

[The information follows:]

The President's Commission on Aviation Security and Terrorism made 64 recommendations of which 43 were assigned to DOT. Of these, 7 have been implemented to date, on 2 we have non-concurred and the remaining 34 are in development. Where applicable, related sections from the Aviation Security Improvement Act are noted in parentheses. The status of each completed recommendation under DOT's jurisdiction follows:

REPORT RECOMMENDATIONS

1. Recommendation: The FAA should require carriers to assure that all baggage associated with passengers who meet FAA's criteria as possibly having explosive devices in checked baggage are subject to security controls and then are not carried unless the passenger is on board the aircraft.

DOT Response: Air Carrier Standard Security Program (ACSSP) amended to implement positive baggage match for selected travelers at domestic locations and increased standards for metal detectors.

2. Recommendation: The FAA Administrator should establish an office of security reporting directly to him. (Sec. 103)

DOT Response: Assistant Administrator for Civil Aviation Security established in June 1990.

3. Recommendation: The Secretary of Transportation should appoint, on an interim basis, a Secretarial Assistant Secretary for Aviation Security and Intelligence. The Secretary should obtain legislative authorization to appoint an Assistant Secretary of Transportation for Security and Intelligence and authorize this official to develop an aviation transportation security policy and long-term strategy for dealing with a potential increase in the threat. (Sec. 101)

DOT Response: Director of Intelligence and Security established in May 1990.

4. Recommendation: The FAA should establish an expert panel of persons from the national laboratories, other government agencies, academia and industry to oversee the design and development of this high priority initiative. (Sec. 107)

DOT Response: Scientific Advisory Panel established in June 1990. The Panel has met several times and is making progress on testing protocols for Explosive Detection Systems.

5. Recommendation: The Director of Central Intelligence should promptly designate one or more intelligence officers, from the Central Intelligence Agency or other appropriate intelligence agency, to serve in a senior capacity at the Office of the Secretary of the Department of Transportation. In doing so, the Director should consult closely with the Secretary of Transportation. (Sec. 111)

DOT Response: Senior CIA representative assigned to the Office of Intelligence and Security effective October 1990.

6. Recommendation: The Congress should enact legislation to require the FAA to commence a civil penalty proceeding whenever there is reason to believe that a carrier's violation of FAA requirements may have contributed to loss of life or serious injury. If the FAA so finds, it should be required to levy fines.

DOT Response: FAA already has the authority to hold carriers accountable for security violations and to impose substantial penalties for such violations.

7. Recommendation: The FAA should change the minimum training requirements for ground security coordinators so that minimum training periods are in line with the amount of material that has to be covered. (Sec. 105)

DOT Response: ACSSP amended to require minimum training periods for ground security coordinators.

NON-CONCURRENCE

1. Recommendation: The function of the FAA's Intelligence Division, now located within the Office of Civil Aviation Security, should be moved to the Department of Transportation, where it will report directly to the Secretary through the newly created post of Assistant Secretary of Transportation for Security and Intelligence. This move should accompany the move of the security function.

DOT Response: The creation of the post of Assistant Administrator for Civil Aviation Security reporting to the Administrator has elevated and enhanced the intelligence function, preserved the excellent working relationships found by the Commission between FAA and the intelligence community, and is providing increased oversight and accountability.

2. Recommendation: The Secretary of Transportation should appoint, on an interim basis, a Secretarial Assistant for Aviation Security and Intelligence. The Secretary should obtain legislative authorization to appoint an Assistant Secretary of Transportation for Security and Intelligence and authorize this official to develop an aviation transportation security policy and long-term strategy for dealing with a potential increase in the threat.

DOT Response: We did not concur with the establishment of an Assistant Secretary for Security and Aviation, but rather supported establishment of the Office of Intelligence and Security, working directly for the Secretary. This post was created in May 1990.

BACKGROUND CHECKS

Senator LAUTENBERG. One item was background checking on the people who do the security screening. It has come to my attention the Department may be taking the position that only prospective employees would be subject to background checks. Is that true?

Admiral ROBBINS. No; that is not quite true. We have an advisory committee, the Aviation Security Advisory Committee. I sat in on its meeting last week, and that issue was being discussed. One of the recommendations of the advisory committee, which includes airline people, was that we not look beyond the prospective employees.

The reason they had was—I am not sure how we will come out on that because there is still a rulemaking to take place—that there were so many, 100,000 or so people, that we would have to go back and do background investigations on.

How far do you go back? When do you decide when you do not want someone working for you any longer? Maybe they had a bad record back 10 years ago, and they have had a perfect record since.

Senator LAUTENBERG. Yes; but you have to know that in order to make those decisions.

Admiral ROBBINS. These are the kind of arguments that were made against going back. In my mind they were not too persuasive. We still have some work to do on it.

COST OF TNA DEVICES

Senator LAUTENBERG. Senator D'Amato talked about the TNA machines and frankly, the fruitlessness of installing those. I agree with him, they are cumbersome. This is not classified. They are not particularly reliable.

I have watched them work. If you want to get more of the material detected, the reject rate on normal baggage handling goes up substantially. You wind up with a system that can neither give you the kind of protection nor process baggage in an efficient manner. It also takes a lot of space.

And how much are those machines at this point?

Admiral **ROBBINS**. They cost $1 million.

Ms. **CHAO**. They are $1 million, but with installation costs I think it is about $3 million a piece.

Senator **LAUTENBERG**. The installation costs are more than the machine.

Ms. **CHAO**. Sorry?

Senator **LAUTENBERG**. How much is the machine?

Ms. **CHAO**. I am corrected by Admiral Robbins.

Senator **LAUTENBERG**. I think they are more than $1 million.

[Additional clarifying information follows:]

The per unit cost for new deliveries of TNA units is between $800,000 and $950,000. Including installation would increase the cost to about $1 million. This estimate does not include operating costs.

Admiral **ROBBINS**. It is about $1.2 million by the time we get them installed. But could I address that just for a second?

Senator **LAUTENBERG**. Sure.

Admiral **ROBBINS**. Without getting into the classified portion of it—and if you would like, I would go beyond this in a closed session with you—but what we call an explosive detection system is just that, a system. Let us say, for instance, that we have baggage that we are sorting through going into Gatwick; they have really been very successful in using it in this manner. Now they pick off certain bags that they feel are suspect. They are loading an airplane and they have 100 bags that they want to look at. If they do not have something like a TNA, then they have to hand search every one. That is very personnel intensive. But if they can use a TNA and eliminate 80 percent of those, or even 60 percent or even 50 percent, they have downsized the work force they have to have to hand search.

That is the way it is being used over there, and why some of these operators feel that it has some advantages. Frankly, when I am in an airplane and I know that all the bags went through a TNA, that would increase my level of security and happiness.

I do not think we should rule TNA out. It is not the end-all, be-all. There is a lot of work to be done on it. But it could be used as part of a system.

Senator **LAUTENBERG**. I can tell you this, it would not give me any comfort. I mean that sincerely. I might be comforted by the more reliable system that is used at other airports because if one were to follow your logic here, it would suggest that only those airports, and everybody knows, there are no secrets about this part of our discussion at all, everyone knows that these are in only a few places. They are identified all the time in the newspaper.

Is it suggested that the airports that do not have these offer less safe travel?

Admiral **ROBBINS**. I guess you could make that deduction. But what it means is, if you do not have the machine, then you search it all by hand.

LEVEL OF AMERICAN SECURITY EFFORTS

Senator **LAUTENBERG**. Well, it means that whatever product we are getting at the end, as far as I am concerned, is at least as safe, and we do not have the disruption that comes still from evaluation.

One of the things that concerned me was a report by OTA about investment in research that we saw last week. There was a criticism of American efforts on behalf of explosive detections and antiterrorist systems. Did you see that?

Admiral **ROBBINS**. Give me a few more hints.

Ms. **CHAO**. What was the date of that report?

Senator **LAUTENBERG**. The findings of the report were presented before John Glenn's committee, the Senate Governmental Affairs Committee.

Ms. **CHAO**. Since the TNA's were first installed, for example in JFK, I know that there have been substantial improvements. The one at Gatwick has shown to be much more effective and overall, through the practice run, I think the FAA has been fairly pleased, as have the airports, with the overall performance.

Senator **LAUTENBERG**. Ms. Chao, if you say that whatever effort you put out is better than none, we can use mockups too and just make them out of wood and put them in—I think it probably does add a dimension.

On the other hand, not having that equipment available says that you have to be much more circumspect about the way you review the process and people are on the alert that a machine is not taking over for you, and especially a machine that does not yet have the efficiency or reliability that we ultimately want to see.

This is the article—"Congress Told New Airport Bomb Detection Devices Are Too Touchy." So we are sure not talking about anything secret here. It is in the Washington Post, and I assume some people read it.

Admiral **ROBBINS**. Are they talking about the magnetometers maybe? We just upgraded the sensitivity on the magnetometers.

Senator **LAUTENBERG**. They refer to the OTA report that Senator D'Amato introduced before. They say that we are not doing as much as other countries in terms of funding antiterrorist research and development. They talk almost exclusively about TNA equipment here.

But the article also addresses the general heading of antiterrorism funding, and I want to put this in the record so that we have it.

[The information follows:]

U.S. FAULTED ON ANTITERRORISM FUNDING

CONGRESS TOLD NEW AIRPORT BOMB-DETECTION DEVICES ARE TOO TOUCHY

(By George Lardner Jr., Washington Post Staff Writer)

Despite the dangers of terrorist reprisals in the aftermath of the Persian Gulf War, there is still no machine that can detect the kind of bomb that blew up Pan Am Flight 103 without touching off too many false alarms, a Senate committee was told yesterday.

The finding was made by the congressional Office of Technology Assessment (OTA) in a special study that criticized the low level of federal funding for research and development of new counterterrorist technologies.

Although international terrorist incidents since the start of Operation Desert Storm are three times the normal rate, witnesses from OTA and government agencies told the Senate Governmental Affairs Committee that only $70 million a year is allocated specifically for counterterrorist research and development and it is scattered among 20 different federal agencies. The only government-wide program, administered by the State Department, gets $2 million, a fifth of what it got when it was set up in 1986.

Pan American Flight 103 was blown up over Lockerbie, Scotland, on Dec. 21, 1988, by a plastic explosive device hidden in a radio cassette and packed in a suitcase in the forward baggage hold. All those on the jumbo jet and 11 residents of Lockerbie—a total of 270 people—were killed.

Since then, the FAA has issued a rule that eventually will require use of an explosives-detection system to screen checked (but not carry-on) baggage at many airports serving U.S. carriers. The only approved system is a thermal neutron analysis (TNA) device that costs more than $1 million each. The FAA has purchased six and has been testing three of them at Dulles and Kennedy airports in the United States and Gatwick airport near London.

OTA officials, who said their full report has been held up at the Transportation Department for "security review," warned the committee that mass acquisition and installation of the TNA devices at this time would be "inadvisable."

Reaffirming conclusions reached by the presidential commission that investigated the Pan Am 103 crash, Anthony Fainberg, a senior international security analyst at OTA, said that current TNA machines produce such "high false alarm rates" when tuned for sensitivity to Pan Am 103-size bombs that it might be just as well to search checked luggage by hand.

Fainberg urged more attention to other, less expensive technologies such as vapor-detection devices.

He also criticized the FAA rule for failing to cover carry-on baggage. "Ironically," he said, "the TNA system might be more effective for screening carry-on baggage than checked luggage, because the interference from innocent baggage articles would be less."

Lynne A. Osmus, acting policy and planning director at the FAA for civil aviation security, said OTA had "understated" TNA's capabilities, especially in light of recent tests at Gatwick that reflect improvements in TNA software. She said "specific results are classified," but false alarm rates have gone down in the last six months and the device had been doing better in tests "using considerably smaller amounts of explosives."

Fainberg told reporters after the hearing that the improvements still don't justify mass acquisition. He said the dispute stems in part from disagreement over acceptable false alarm rates and in part over the weight of the plastic explosive, variously estimated at three-quarters of a pound to more than a pound, that blew up Pan Am 103.

The OTA study, made public in summary form, said the $70 million in funding for counterterrorist R&D was .7 percent of equivalent Defense Department R&D work and 3 percent of this year's appropriation for the space station.

"The FBI, in particular, is unable to pursue many promising research projects, especially in the area of explosives detection, because of the minuscule amount of resources available (less than $100,000 per year)," the report said.

Under questioning by Committee Chairman John Glenn (D-Ohio), witnesses from the State Department, the FBI and other agencies said that counterterrorist R&D is a constant target for department budget-cutters, the Office of Management and Budget and congressional appropriations committees.

Morris D. Busby, coordinator for counterterrorism at Sate, said he has "despaired" of getting enough money from his department and credited committee member William S. Cohen (R-Maine) for pressing the Defense Department to seek more in its budget. As a result, Busby said the fiscal 1992 budget request includes $10 million for the government-wide program, which is what it got in 1986, and should "allow us to complete on-going projects and start essential new ones."

Offering one example, Busby showed the committee the prototype of a lightweight hood that will fit in a coat pocket and offer 20 to 30 minutes of protection against "all known chemical agents." It was developed for $100,000 and is expected to be produced for government VIPs later this year.

"I've been to a number of congressional hearings where I wish I had one of those," Busby told the committee. Ditto for meetings at the State Department, responded Glenn.

LEVEL OF RESEARCH FUNDING

Senator **LAUTENBERG**. We are being faulted for the level of research funding that we have. Now I visited our facility at Pomona. Clyde, have you been there, in New Jersey, at the——

Admiral **ROBBINS**. The tech center?

Senator **LAUTENBERG**. The tech center.

Admiral **ROBBINS**. Yes, sir.

Senator **LAUTENBERG**. There is a lot of very good work going on there, as there are in other parts of the country, and so we are onto the fact that we have to keep investing more.

The people on the other side constantly invest and we do not know how much. They are always trying to create new threats and we have to ever be on our guard. So I would say that, as was recommended, as you look at TNA, you try to make a decision that considers whether or not the money that has already been spent may be money that is thrown away. It was a genuine effort to curb or respond to terrorist threats, but it does not mean that you have to go ahead and install them unless you are satisfied that the effort is worthwhile.

And I appreciate it if you would get back to me, or have FAA, whoever is responsible for that, Ms. Chao——

Ms. **CHAO**. Surely.

POSITION ON TNA

Senator **LAUTENBERG**. Get back to me and give me a report, not for the record, but for my own review, as to where you are in terms of installations of more TNA equipment, et cetera, and what is helping you or the FAA make that decision.

Ms. **CHAO**. We will do that.

LEVEL 4 SECURITY PROCEDURES

Senator **LAUTENBERG**. Have you had a chance to calculate the cost impact of American airports and carriers for the level 4 security procedure installation?

Admiral **ROBBINS**. We are doing that right now. The Secretary has asked for an early briefing on it. I am not prepared to talk about it right now—I do not have the figures, but it is a great concern.

Senator **LAUTENBERG**. We noted there are some airports that are unilaterally going to drop back to level 2 procedures. What response do you have to that? Do you have any authority to say to the airport that they cannot do it, is there some punitive action? I do not know what you do if this decision is made by a particular airport.

[The information follows:]

Section 107.3 of the Federal Aviation Regulations requires each airport operator subject to Part 107 to adopt and carry out an approved security program that provides for the safety of persons and property traveling in air transportation. The security program must include such things as the procedures and a description of facilities and equipment used to control access to certain areas of the airport and a description of law enforcement support necessary to comply with Part 107. According to Section 107.11, the Administrator or the Director of Civil Aviation Security (Assistant Administrator) may amend an airport's approved security program in the interest of safety and public interest. Unilaterally reducing security measures mandated by the FAA would be in violation of Section 107.3 of the FAR.

If security or safety regulations at an airport are disregarded, the FAA has several options available to achieve compliance, ranging from an administrative Letter of Correction or Warning Notice to closure of an airport. The circumstances associated with each case dictate the recommended enforcement action. Obviously, closing an airport or denying commercial aircraft permission to land would result in a great financial loss to an airport. Each incident is investigated resulting in the appropriate recommended disciplinary action. The recommended action must be in the form of a civil penalty, airport closure, or denied landing unless: (1) No significant unsafe condition existed; (2) lack of competency or qualification was not involved; (3) the violation was not deliberate; and (4) the alleged violator has a constructive attitude toward complying with the regulations and has not been involved previously in similar violations.

As a practical matter, the FAA has worked closely with airport operators and air carriers to ensure vigorous application of the security contingency measures that are mandated. In several instances, airport operators have indicated that they may be inclined to discontinue certain security measures due to associated costs or loss of revenues. The FAA has responded by strongly encouraging these operators not to take unilateral actions in order to maintain the overall integrity of the system.

Ms. CHAO. I am surprised to hear that, Senator. I was not aware of that. I do not think Admiral Robbins is as well. I do believe that we have some authority to prohibit that kind of unilateral action and we will look into it. I am not aware of that.

Senator LAUTENBERG. We will be happy to supply the information directly to you as to which airport is about to undertake that action. I think that you should know it.

Ms. CHAO. That would be of great concern to us. Secretary Skinner has a tough decision ahead of him. He is going to analyze the threat analysis and the economic impact, which we are very much aware of. If there is unilateral action on the part of any one airport, that will speak for a breakdown of total discipline of the system. We need to get on top of that.

Senator LAUTENBERG. It is there for your information and for your response.

Admiral ROBBINS. Thank you.

INTELLIGENCE AND SECURITY OFFICE STAFFING

Senator LAUTENBERG. In terms of the intelligence and security staffing requirements, you are asking only for 15 personnel for this office. Are all of your security positions throughout the Department filled pending the employment of the other 15?

Admiral ROBBINS. Yes; on my particular staff it is 15, and we have one yet to hire. The person has been chosen.

Senator LAUTENBERG. That just brings you up to a full complement?

Admiral ROBBINS. Yes, sir.

RELATIONSHIP WITH INTELLIGENCE COMMUNITY

Senator LAUTENBERG. How have you done with the intelligence community at large, in terms of making them aware of your role and DOT's interest?

Admiral ROBBINS. I think very well, Senator. The response was instantaneous. As I went around to visit the Director of Intelligence and others, they all assured me that if I was not getting the information I needed, to let them know. They have been very forthcoming. They are very concerned about this. They have taken it on as a prime mission and so I have felt that they have been very cooperative.

The head of NSA, for instance, even had Secretary Skinner over and briefed him on their capabilities which I think is indicative of the importance they are putting on this matter.

GOVERNMENTWIDE COUNTERTERRORISM RESEARCH

Senator LAUTENBERG. Do you have any idea how much in the total research and development activity for counterterrorism is being spent by our Government and what share your Department's investment might be in that total?

Admiral ROBBINS. I do not have that.

Ms. CHAO. We can certainly give you whatever information we have. I do not think we have that on a Governmentwide basis. We can look into our own budget. We will provide you with whatever we can.

[The information follows:]

With regard to Governmentwide spending on counterterrorism activities, we refer you to the work of the Office of Technology Assessment.

The following excerpt is from the February 26, 1991, Senate hearing on Technology Against Terrorism: The Federal Effort. The testimony was presented by Anthony Fainberg from the Office of Technology Assessment (OTA) before the Committee on Governmental Affairs.

FINDING 2

OTA identified a total of about $70 million in fiscal year 1990 devoted to R&D for combatting terrorism. This is not quite the total sum, primarily because CIA refused to provide OTA any information on its program in this field, apart from that connected with its collaborations with other agencies on the Interagency Intelligence Committee on Terrorism.

With regard to the Department, the FY 1991 enacted level of investment on direct counterterrorism activities totals $83.5 million. We are proposing a 24.4 percent increase in FY 1992 for a total of $103.9 million. The details of the request are displayed in the following chart.

The Department has proposed the following funding levels for new and ongoing security initiatives:

[Dollars in millions]

Agency/account	Fiscal year 1991 enacted	Fiscal year 1992 request	Description
Office of the Secretary	$1.2	$1.4	Office of Intelligence and Security
Federal Aviation Administration	82.3	102.5	
Operations	(51.9)	(65.9)	Civil Aviation Security program provides the overall planning, direction, management, evaluation and enforcement of civil aviation security
Research, engineering and development	(30.4)	(31.9)	R&D covering explosive detection, weapons detection, airport security, and security systems integration
Facilities and equipment	....	(4.8)	Support continuation of FAA's demonstration program of TNA–XENIS technology.
Total	83.5	103.9	

NEED TO LOOK AT OUTSIDE TECHNOLOGY

Admiral **ROBBINS**. That issue is something that is very important to me. As we get up to speed and get our R&D oversight in place, we need to look outside. The Commission recommended it. We need to look outside and find out what is going on and make sure there is no overlap, so that we are taking advantage of every possible piece of technology that is out there.

MAJOR SECURITY GOALS

Senator **LAUTENBERG**. If you can just give me summary information here, what would you say your assignments might be for the balance of this fiscal year in terms of the things that you would like to see done by your particular Department?

Admiral **ROBBINS**. One thing that is a priority of mine is to improve the image as well as the performance of the screening points. Work needs to be done there. I have some misgivings about the way it is managed. I have been talking to the airlines so this will not come as a surprise to them.

I have been making the point that we have to pull up our boots in that area and improve performance. We have a rulemaking in place that will help. But unless there is some jawboning done, which I need to do, it will not be satisfactory to me. That is one of the obvious areas that we need to work in.

The R&D effort, I really want to get into that. I lack on my staff technical expertise the level that I really need. I am going to be working with TSC and with the Tech Center to see if I cannot bootstrap that to have somebody who can help me put that program together.

I need to get out and do more work internationally. I was not able to because of the Kuwait business. I was not able to travel with Ambassador Busby and General Steele as they met with foreign countries to talk about such things as level playing field and the measures. I want to take a more active interest in that, as soon as we get some of these other more emergent matters put to bed.

One of the things, that we have already mentioned, that is of great concern to me is this current level of security at the airports. Where do we go from here? Measuring the level of risk with the current threat, can we make some adjustments? What should those adjustments be? There is a lot of work to be done there.

Senator **LAUTENBERG**. I agree, especially on the R&D matter you ought to have as much knowledge as can be gathered about where we are going, because the responsibility in terms of transportation falls to you and the Department. Of course, we have not discussed the other modes; we have discussed only aviation.

Admiral **ROBBINS**. Could I just mention one thing? I should not have left that out. One of the areas where we have been active is in the maritime area, because that is of great concern to me. I have met with representatives of the passenger liners that serve the United States. They are all foreign flag except two in Hawaii. I have met with a number of them. We will be putting a lot of pressure on them to improve to meet the standards of IMO.

LINKAGE WITH STATE DEPARTMENT

Senator LAUTENBERG. Do you have a chance to give any input to the State Department, Secretary Baker's trip right now to the Middle East?

Obviously, we have good reason to be concerned about the influence coming out of there on terrorism, and I would like to know whether you have made any effort to communicate your concerns or the Department's concerns to the Secretary as he travels about.

Do you think he ought to be addressing the issue of terrorism? I am not asking you for the specifics. I am simply suggesting an area that you might indicate some concern with. I mean, here he has gone to Syria. There has been for some time an alleged connection between Syria and Pan Am 103.

Is there any communication between either the Secretary or your office, to the State Department to say, "Listen, as you negotiate, as you talk to these people, remember one thing, we have a prior claim and a prior interest in what happened there. It sure would help us to be able to negotiate in good faith if we knew that you guys were out of the terrorism business and that you were going to help us to prosecute, if it turns out that the law and the courts decide to apprehend those whom you are aware of had any involvement in Pan Am 103?"

Ms. CHAO. I do not know whether Secretary Skinner has personally spoken with Secretary Baker with the linkage toward Pan Am 103. I do know we have spoken to all levels of the State Department, myself with Eagleburger and also with Ivan Selin, along with the FAA, on the need for more FAA security personnel abroad. That, in fact, has been an issue of some dispute between our two departments and we are still trying to work that out.

Senator LAUTENBERG. Is there a place for Admiral Robbins in the interest of counterterrorism security, to be able to go on a direct basis with someone who has a senior enough status so that Eagleburger and Secretary Baker have it on the agenda? Because we are going to be asking questions of them on their return as well.

Admiral ROBBINS. Yes; there is, Senator. My relationship with Ambassador Busby, who is responsible for counterterrorism in the Department of State, is very close. We are also friends. As we discuss these issues at the NSC level and one on one, he is well aware of our concerns. I am sure he has an input directly to Secretary Baker as he travels around.

Senator LAUTENBERG. Now, you said Busby and I thought of Admiral Busey, and that is the problem.

Admiral ROBBINS. I have had that problem, too.

Senator LAUTENBERG. It is quite something. I know I put the wrong name in the right place, or vice versa, more than once.

Ms. CHAO. Mr. Chairman, as you well know, the criminal investigation is still going on and we are cooperating.

Senator LAUTENBERG. We anxiously await the conclusion of that, because that can give us some direction in pursuing the perpetrator of that awful, awful crime.

SMALL AND DISADVANTAGED BUSINESSES

Ms. Chao, I want to ask you some questions about the Department of Civil Rights commentary. I say commentary, because they are responsible for handling complaints regarding civil rights violation. Where do any complaints get directed that might result from contract awards not being directed as prescribed by civil rights law to minority or disadvantaged business people?

Ms. CHAO. With DBE issues, the issue goes before a field office and there is attempted resolution. If there is not resolution at the field office, then it goes directly to the Office of the Civil Rights here in Washington, and they evaluate the whole case.

Senator LAUTENBERG. By law, the major direct Federal contracts must include a provision to subcontract a percentage of that work to small and disadvantaged businesses. What office ensures that those requirements are met? Is that the Office of Civil Rights?

Ms. CHAO. The Office of Small and Disadvantaged Business Utilization [OSDBU], by statute, is the office that sets the criteria and oversees the program. If discrimination appeals are made, they go to the Office of Civil Rights. The two offices actually work closely together.

Senator LAUTENBERG. We are concerned that programs set up to help and protect disadvantaged businesses be not just reactive, but proactive. What do you think can be done to actively seek out and assist minority businesses that participate in the opportunities?

Ms. CHAO. We have been looking at this issue. We have a very good OSDBU director. Her name is Alicia Casanova. She comes from Florida. She has been a very active force in that office, overseeing past practices and programs and the allocation of resources.

She has looked at the historical black colleges, for example, to see how effective they have been in outreach programs. In fact, we have an Office of the Secretary task force that has been set up to try to evaluate how effective we have been.

Senator LAUTENBERG. Have you seen any evidence that there has been either abuse or mistakes, that we have not fulfilled the spirit of that mission?

Ms. CHAO. Yes; there has been abuse as you well know. In 1988 there was a case of abuse under the previous administration that was brought to closure with an indictment of two individuals involved in that office. The investigation was initiated by Alicia Casanova. She had thought that a particular program was being run in a peculiar way, and so she asked the inspector general to investigate. Subsequently there was a grand jury investigation and a criminal trial.

Senator LAUTENBERG. Could you say with a degree of comfort that such abuses do not exist, or that the supervision is sufficient that it reduces the possibility of such abuses?

Ms. CHAO. We certainly hope so. What we have done in the aftermath of this incident is to tighten up the criteria and the guidelines. Previously it was a nebulous program in which there were very little guidelines. We have sent in a team of lawyers and also accountants from the management division. They have reviewed some of the criteria, and thought about basic management principles that should be adhered to. We have a whole new set of guidelines. Hopefully that will deter or reduce any future abuses.

CONTRACT SET-ASIDES

Senator LAUTENBERG. In short form, what are the goals of contract set-asides, and how are those provisions carried out?

Ms. CHAO. We have a statutory responsibility to fulfill in carrying out this program. We certainly would like to bring more diversity into the program, and make sure that we are being fair in dispensing these grants and administering these programs. We have an aggressive Outreach Program to ensure that a wide variety of deserving individuals and companies are involved.

OUTREACH

Senator LAUTENBERG. Are you finding that there are enough requests for participation to satisfy the objectives of the Department?

Ms. CHAO. I do not think the office in the past has done exceptionally well in Outreach. That is one reason why we have looked at our Outreach efforts, tried to measure their effectiveness, and tried to think of new ways in which we can offer more.

Traditionally, as with SBA, a very select group of people have participated. It has not been very widespread. We want to make sure that the benefits of this program are disseminated to a wide range of deserving individuals, and that they are indeed helping, that companies and individuals graduate from this program after they have received some kind of bonding assistance and that it does not become a ghettoization of certain companies. We want to ensure that they graduate, flourish, and that we have newcomers into the program as well.

OSDBU TASK FORCE REPORT

Senator LAUTENBERG. When will the task force complete its review?

Ms. CHAO. I am not sure. I can certainly find out, and I will make sure that we will notify your office on whatever we find.

Senator LAUTENBERG. Would you, please, and we would be anxious to have the report.

[The information will be provided under separate cover.]

Ms. CHAO. The other thing that I think has been very healthy is that Alicia Casanova has forged much stronger ties with various modal administrators. In fact we have brought this issue before the Program Integrity Management Improvement Council, a management council within the Department which I chair.

We make sure that when all the modal administrators are going through their procurement projects that they consult with Alicia, understand that there is a goal in mind, and that we are looking for competent contractors. We ask that they work with the Office of Small and Disadvantaged Business Utilization to make sure that all opportunities are run by Alicia so that she can notify her constituents of potential opportunities.

Senator LAUTENBERG. I appreciate your direct response to some of the questions. The fact is that there have been abuses, and I think it is fair to say the job we would like to see done has not been sufficiently paid attention to. The fact that there is some energy going to that now is appreciated, and I would like to be kept up to date and make sure that that is handled as aggressively as we possibly can.

Ms. CHAO. We will do that.

STATUS OF NEW DOT HEADQUARTERS BUILDING

Senator LAUTENBERG. I want to ask you some questions about DOT's planned new building. I am sure Secretary Skinner would love to be here.

What is the status of the new building?

Ms. CHAO. We and GSA are working on a prospectus to send the Congress. This prospectus would propose a 1.7 million occupiable square-foot building. It is probably going to be located above the tracks behind Union Station. Under the current configuration of 1.7 million occupiable square feet, we will have to retain the FAA building to house some people there, and also use the NASA building which is right across the street from the FAA building.

We are currently negotiating with Amtrak on the air rights behind Union Station. The whole issue with CSX has fallen away at their request. They have terminated negotiations. At this point we are firming up some of our specific criteria and preparing to submit the prospectus.

Our budget proposes $69 million. The funds will cover certain agency-specific functions which GSA will not fund, such as state-of-the-art communications including use of fiber-optic cables, conference room, communications centers, secured facilities, and other special space we need. These costs will not be funded by GSA. Our budget includes $69 million for these costs.

Senator LAUTENBERG. In the fiscal 1991 Treasury, Postal appropriations bill, $50 million was appropriated.

Ms. CHAO. GSA has not used these funds yet. The funds are for site acquisition, and as of yet they have not been spent. We and GSA will have to prepare the prospectus and notify the Congress as to what our plans are before we can use that money.

SITE ACQUISITION COSTS

Senator LAUTENBERG. But you have requested an additional $8.7 million for additional site acquisition costs, am I correct?

Ms. CHAO. Additional?

Senator LAUTENBERG. It is in the budget request—construction and acquisition of facilities, projects description, fiscal year 1991.

Ms. CHAO. I do not think so, sir. I think the only funding we have is the $50 million.

Senator LAUTENBERG. Well, $50 million was authorized for site acquisition in 1991. In 1992, the request for construction and acquisition of facilities activity includes an additional $8.7 million for the acquisition of a site and $435 million for construction.

Ms. CHAO. We are looking at a building of 1.7 million.

Senator LAUTENBERG. 1.7 million square feet.

Ms. CHAO. Occupiable square feet.

Senator LAUTENBERG. What kind of a ballpark estimate is there?

Ms. CHAO. We have calculated that to be about $591 million. That includes the $50 million, but it does not include another $33 million which we anticipate for alterations to the two buildings.

Senator LAUTENBERG. Somebody there must know what the situation is with the $8.7 million. Is it a request or is it not a request? I mean, in writing here it says it is a request.

Ms. CHAO. My people tell me that we do not have a request, but I will look into that for you.

Senator LAUTENBERG. It is GSA's request of the Treasury, Postal Subcommittee. Now, somebody on your team must know why. They did not do it on their own, I assume.

Ms. CHAO. Rather than keep you waiting, let me clear it up with my staff. May we supply that answer for the record? I believe it is a NASA building. That is what I just heard.

Senator LAUTENBERG. A NASA building?

Ms. CHAO. Would you give me a few moments? I will turn around and talk to them.

Senator LAUTENBERG. Absolutely.

Ms. CHAO. Mr. Chairman, thank you for your patience. I have been told that the $8.7 million that you refer to is included in the $33 million that I just mentioned. That $33 million is the cost of alterations to the two buildings that we will have to retain because of the 1.7 million configuration, and it is in the out-years.

Senator LAUTENBERG. It does not reflect that here.

Ms. CHAO. The $50 million that I am talking about in 1991 was in GSA's budget, and that was for site acquisition. In fiscal year 1992, $69 million is in our budget for special requirements that DOT has that GSA will not fund. But in fiscal 1992, also, GSA has within its budget a request for $472 million. Overall the construction cost of the building, including GSA's $472 million and our $69 million, is the $541 million.

COST OF NEW BUILDING

Senator LAUTENBERG. Just help me through this once more, because I was not paying close enough attention. Did that include the acquisition costs, the $541 million? No? OK.

So the building, it is fair to say, $541 million—I am looking past you, Ms. Chao, because I see your staff working feverishly behind you, and I do not mind, if you do not mind, referring a question directly there if we can get the answer, or you can ask them. Is the $541 million, now, the estimated cost for a building 1,700,000 square feet big, is that right?

Ms. CHAO. Yes.

[The information follows:]

The construction cost of the building, excluding the site acquisition costs, is estimated at $533 million. The total cost of the project including site acquisition is estimated at $591 million.

Senator LAUTENBERG. Does the team agree? Agreed. Very quickly, that arithmetic, as I see it, comes to about——

Ms. CHAO. But in future years, there is going to be a cost for $33 million, because we are only talking about a 1.7 million occupiable square-foot space building. Because there will be some spillover of people, we propose retaining two buildings—the FAA building on

Independence Avenue, and right across the street the NASA building. We will need about $33 million to alter those two spots.

Senator **LAUTENBERG**. That will not be contiguous space to the 1.7 million, it will be in existing facilities? OK. Well, let us leave that out, because I am focused for the moment just on this building.

My arithmetic tells me that we are looking at about a $320 square-foot cost for that building. I would like that to be acknowledged, because the cost in addition to site acquisition seems exceptionally high. I do not know how much technology is being put in the building, whether there is special cabling or secure rooms, et cetera. That is a terrifically high figure for office buildings.

Now, I draw on the experience of a few years ago before I joined this body.

Ms. **CHAO**. Yes; I understand.

Senator **LAUTENBERG**. I did a lot of building for the firm I ran, so if someone could just provide me with some of the particular items that you think are high cost that influence the cost of this building so that I can get a better picture of what's involved here.

Ms. **CHAO**. If I could also add, basically when Secretary Skinner went ahead with this decision he basically also viewed it as an economic decision. If you view it as a sale versus leaseback, or sale versus lease, the payback period of this project is about 15 years.

SALE VERSUS LEASE

Senator **LAUTENBERG**. By financing it ourselves?

Ms. **CHAO**. Yes; now, if you take into account the fact that we have been in our current building—NASSIF—for well over 20 years, ever since the Department was created in 1967, again from the leaseback analysis it is more economical for us to own the building.

Senator **LAUTENBERG**. I would be interested in seeing that as well.

Ms. **CHAO**. Sure. We will provide that.

[The information follows:]

FACT SHEET

DOT HEADQUARTERS BUILDING

PROJECT DESCRIPTION

- The current plan is to construct a 1.7 million occupiable square foot air rights building at Union Station, with 1,562 parking spaces.
- FB-10A and 10B (totalling approximately 700,000 occupiable square feet) will also house DOT staff.
- The project includes acquisition of 10.7 acres of air rights owned by AMTRAK. An additional 5.8 acres of air rights owned by DOT will be used to complete the site for the new building.
- FB-10A and 10B will be upgraded to provide modern office technology and special construction to support DOT functional requirements.

BENEFITS OF NEW BUILDING

The existing headquarters buildings need major improvements to meet current office space standards and technology. The new building will:

- accommodate modern office technology;
- greatly improve operational efficiency and productivity;
- reduce administrative costs;
- provide quality work environment; and
- improve office space utilization rate and flexibility of work space.

A present value analysis which will be forwarded to Congress with the prospectus, indicates that there is a cost advantage of $98 million, over a 30-year period, favoring new construction over long term leasing. The Government would realize these savings whether the long term lease is for an existing or proposed building. In order for an existing building to compete, e.g., one of the buildings currently occupied by DOT, its space would have to be upgraded to the same comparable level to that proposed to be acquired through new construction.

PROPOSED HOUSING PLAN

- Number of employees to be housed:

o New building	approximately 8,250
o FB-10A	approximately 2,875
o FB-10B	approximately 1,050
	12,175

This represents an increase of approximately 400 positions above the current staffing resulting in a very flat growth rate of less than 1/2 percent per year.

o The office utilization rate, directed by GSA, will be 125 square feet per person. This is approximately 30 square feet per person less than DOT's current office utilization rate.

o Although the precise organizational elements are yet to be identified, the plan in all likelihood will be to house the senior staff of OST and of each Operating Administration in the new building and those employees who do not require proximity to the Secretary will be housed in FB-10A and FB-10B.

PROJECT STATUS

The prospectus for land acquisition and construction at Union Station, retention of FB-10A and assignment of FB-10B to DOT will be submitted to Congress shortly. The EIS process is underway and is expected to be completed in March 1992. Work has started on preparation of the RFP for the design/build competition.

SUMMARY PROJECT SCHEDULE

o Issue RFP for Design/Build contract....Late 1991
o Conduct Design/Build competition.......Late 1992/ Early 1993
o Award Design/Build contract............Early 1993
o Start Construction....................Late 1993/ Early 1994
o Relocation complete...................Mid 1998

BUDGET DATA

The costs of the project will be budgeted as follows:

	DOT	GSA
FY 1991		
Site Acquisition	$ -	$ 50.0M
FY 1992		
o Site acquisition	-	8.7M
o Design, construction, inspection & supervision	69.0M	463.8M
FY 1993		
FB-10A & 10B DOT Special Construction	33.4M	-
	$102.4M	$522.5M
TOTAL		$624.9M

Additional funds will be requested in the out years for systems furniture and relocation costs.

ACQUISITION PROCESS

The building will be acquired through a competitive design/build acquisition process. A request for proposals will be published in the Commerce Business Daily for design concepts and cost proposals for design and construction. The Government will provide prospective offerors with a well defined building requirements package. The proposals will be evaluated by a source evaluation board using predetermined evaluation rating and ranking criteria. A contract will be awarded based on the best value to the Government considering both technical and cost factors.

COST PER SQUARE FOOT CALCULATION

In order to calculate the building unit cost, the occupiable square footage has to be converted to gross square footage. For this project, the 1.7M occupiable square feet would convert to 2,267,000 gross square feet. In addition, the parking area for 1,562 vehicles which is not included in the 1.7M occupiable square foot area, has to be added to the gross square foot number. The garage area is 615,000 gross square feet. Therefore, the total building gross square foot area is 2,882,000. Using this area and dividing it into the total construction related costs of $532.8M ($463.8M GSA is requesting in their FY 1992 budget and the $69M included in the DOT FY 1992 budget) the gross foot unit cost is approximately $185. The building cost estimate is based on the expenditure of funds at the mid-point of construction, i.e., mid-1995. The cost has been escalated at a rate of 4 percent compounded annually which results in a total escalation of 18.5 percent. Therefore, the $185/gross square foot is equivalent to approximately $161/gross square foot in today's dollars. Recently, GSA and other Government organizations involved in the construction of office buildings have experienced, or are using, building unit costs arranging from $283/gross square foot to as low as $86/gross square foot. Our building unit cost is considered very modest when considering the project complexity and the state-of-the-art communications being included.

ADVANCE COPY OF
ANALYSIS OF DOT HEADQUARTERS PROJECT

ECONOMIC ANALYSIS

	CONSTRUCTION	LEASE
DATA: Term used (yrs)	30	30*
Occupancy Year	1997	2000
Square feet in analysis**		
Leased	-	1,700,000
Government-owned	1,700,000	-
PRESENT VALUE COSTS ($ x 1,000)		
Net,net rent	-	386,600
Construction cost	355,008	-
Design	17,233	-
Management and Inspection	7,134	-
Land	50,325	-
Less: Building reversion	(113,534)	-
Land reversion	(17,493)	-
Interim housing	214,337	304,621
Major R & A	42,802	-
Tenant alterations	21,603	17,721
Services & utilities	121,137	99,371
Property taxes, ins.	60,568	49,685
Property management	19,584	11,759
Total tax benefits to lessor	-	6,875
Total Present Value Cost	778,704	876,632
PROPOSAL VALUE		-778,704
PRESENT VALUE COST ADVANTAGE OR		97,928
EQUIV. ANNUAL COST ADVANTAGE		8,699

Factors Used (10/1/90) Values):
Net Rent: $34.15/osf (includes $1.65/osf for parking)
Operating Cost: $6.00/osf
Construction Cost to Build a New Building: $161/gsf***
Site Cost: $54,271,000
Discount Rate: 8%

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* 30-years is the standard period used by GSA when conducting a OMB Circular A-104 present value analysis for lease versus new construction.

** The above analysis is based on $1,700,000 occupiable square feet. Converting this to gross square feet and adding 615,428 gross square feet for inside parking in both alternatives results in a 2,882,095 gross square foot requirement.

*** As noted, this unit cost is in OCT '90 dollars. When considering mid-point of construction (JUL '95), the unit cost needs to be escalated resulting in an adjusted unit cost of approximately $185/gsf.

COMPLETION DATE

Senator LAUTENBERG. Because with our costs as they are and our budget as it is, that is a lot of cash.

Does anybody have a suggested completion date on this?

Ms. CHAO. We have a schedule. It is an aggressive schedule. I can provide that schedule for you. We are looking toward mid–1998 for a complete relocation.

Senator LAUTENBERG. What are the odds on you and I being here?

Ms. CHAO. I will not be here.

Senator LAUTENBERG. Do you want to forecast mine? [Laughter.]

Ms. CHAO. We kept that very aggressive schedule to make sure that we are indeed keeping everything on target. We have to issue the RFP. We have to conduct a competitive bid process. We have to award the contract before construction begins.

Senator LAUTENBERG. It is a long process.

Ms. CHAO. Secretary Skinner can be much more eloquent in explaining all of this, but this really is——

Senator LAUTENBERG. Maybe more precise, but not more eloquent.

Ms. CHAO. This is really a top priority of his. One of the first things he noticed when he came into the Department—and you have certainly been in our buildings—is the lack of care. The Department of Transportation employees have done a wonderful job in the last 2 years and deserve to make a better place in which to work. That is something Secretary Skinner feels very strongly about.

Senator LAUTENBERG. I agree with him.

Ms. CHAO. Second, we are emphasizing intermodalism all the time now. We are trying to encourage the modes to work closely with each other, and not just follow the straight modal thinking, which is not representative of the marketplace today. One of the best ways to foster intermodalism, in addition to having the national transportation policy, is being housed in one building. Proximity to the Secretary and to each other hopefully will foster this much tighter working relationship.

Senator LAUTENBERG. I have been—I am sorry.

Ms. CHAO. The Coast Guard building is isolated.

Senator LAUTENBERG. I have been aboard ship, Admiral.

Ms. CHAO. I think there is a reason why we have not invited you to the Coast Guard building.

SITE FOR NEW BUILDING

Senator LAUTENBERG. Well, you should invite me, because I like adequate working space. I am not big in the frills department. That is the way I ran my company. But people have to have room to work.

I wanted to just pursue one other thing here for a moment, and that is, what is the land size that is being acquired?

Ms. CHAO. It is the whole space that is right behind Union Station, above the tracks that you see going out behind Union Station.

Senator LAUTENBERG. What is the blueprint? What are we doing?

Admiral ROBBINS. The project includes acquisition of 10.7 acres of air rights owned by Amtrak. An additional 5.8 acres of air rights owned by DOT will be used to complete the site for the new building for a total of 16.5 acres.

Senator LAUTENBERG. So everything is going to be built upstairs, essentially?

Ms. CHAO. Yes; we are negotiating with Amtrak.

Senator LAUTENBERG. Where will parking be?

Ms. CHAO. There will be a separate parking facility.

Senator LAUTENBERG. Is that included in these estimates?

Ms. CHAO. Yes.

Senator LAUTENBERG. Ten acres?

Ms. CHAO. Yes; there obviously are going to be some environmental impacts, and some transportation impacts as well. We are going to proceed with the EIS, and then that will obviously tell us how——

Senator LAUTENBERG. I assumed that you would do that because the law requires it.

Ms. CHAO. Yes.

Senator LAUTENBERG. But 10 acres—boy, things sure are expensive in Washington at almost $6 million an acre. Does CSX own that property?

Ms. CHAO. No; the air rights we are acquiring belong to Amtrak.

Senator LAUTENBERG. Do you remember what they originally asked for that property?

Ms. CHAO. I do not know that. I can find out.

[The information follows:]

On February 2, 1990, the General Services Administration (GSA) wrote to Mr. Richard L. Beadles, President of CSX Realty, Inc., expressing the Government's interest in acquiring the CSX property adjacent to Union Station. More specifically, a 5.59 acre parcel bounded by "F" and Second and "H" Streets, N.E. and the lower level track at Union Station. On March 9, 1990, representatives of GSA and the Department of Transportation (DOT) met with CSX and Quadrangle Development officials to explore the possibility of the Government acquiring said property. During the meeting, it became evident that CSX was not interested in selling the property, rather they were interested in a joint venture with the Government to develop the site. They were advised that the Government could not entertain their proposal as this would constitute a sole-source procurement, which could not be justified under the Competition in Contracting Act (CICA). CSX then suggested that the Government consider developing the project using the Government-owned air rights together with Amtrak air rights both south and north of "H" Streets.

At no time during any of the meetings was the selling price for the CSX parcel ever discussed. The $100 million, referred to during the Senate Appropriation hearing on the FY 1992 budget for the Office of the Secretary was never officially made known to the Government. The first time the Government was ever aware of this "asking price" was when Mr. Gladstone stated the value of the CSX land during testimony before the House Public Works Subcommittee in 1990.

Senator LAUTENBERG. Did the U.S. Government have to exercise power of eminent domain to secure it? Was the bid price one that they ultimately paid?

Ms. CHAO. That issue came up with the CSX property which is adjacent to the current site, but not with this plan.

Senator LAUTENBERG. And Coast Guard personnel are not being moved there?

Ms. CHAO. Yes; they are being moved there as well.

Senator LAUTENBERG. They are being moved there?

Ms. CHAO. Yes; and so is the FAA. It consolidates three buildings, the Nassif building, a lot of the people at the FAA building, and also the Coast Guard. At the Coast Guard area, in the evening hours, the transport of certain workers is of concern in terms of safety.

Senator LAUTENBERG. I agree with those concerns about moving around the area. The Federal building 10a, what building is that? Is that FAA? And will we continue to occupy that building?

Ms. CHAO. Right. That is correct.

SUBMITTED QUESTIONS

Senator LAUTENBERG. I have other questions that we are going to submit to you, and I thank you very much for your appearance here today and for your responses to the questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

ACTIVITIES OF OFFICE OF INTELLIGENCE AND SECURITY

SENATOR LAUTENBERG: How has the security aspect of the Department's operations improved because of this new office? That is, what have you done? (Give concrete examples.)

ANSWER: The Office of Intelligence and Security was established in June 1990. Since that time, VADM Robbins has established the highest level liaison with all federal agencies dealing with counter terrorism. Specific activities of the office include:

- Established and maintained policy and staff level liaison with all national intelligence, including the assignment of a senior CIA official to the office. Sensitized national intelligence community and national law enforcement community to DOT's role in counter terrorism for all modes of transportation. Maintaining liaison with all DOT operating administrations.

- Visited European governments and airports to stimulate improved security.

- Obtained assignment of a Senior scientist from Sandia Labs temporarily to the office to improve cross-government coordination of security related research and development.

- Participated in meetings with government agencies, industry, Congressional and trade organizations.

- Developed a Memorandum of Understanding with the Department of Justice and the Federal Bureau of Investigation for appropriate public notification of terrorist threats to domestic transportation entities.

- Worked with the Department of State to ensure appropriate public notification of terrorist threats to U.S. citizens traveling overseas.

- Opened lines of communications with nongovernmental agencies, associations, councils, etc., (both U.S. and abroad) that deal with transportation, in order to generate additional intelligence sources.

- Became active member of all federal policy level counter terrorism entities and established contacts with other operating administrations at both policy and staff levels.

- Visited ports and cruise ships at five different locations to review port and cruise line security procedures.

- Represented the U.S. at Western Pacific Rim Conference on Passenger Vessel Security held in Tokyo.

- Participated in the Crisis Management Team established in accordance with the DOT Crisis Action Plan to deal with the Persian Gulf crisis. Sensitized the participants to the requirements of operating in a tactical environment.

- Reviewed and monitored the regulatory activities of operating administrations regarding enhanced security procedures for industry.
- Improved Foreign Airport Assessment follow-up action by expediting the decision making and notification process.
- Helped facilitate the establishment of Federal Security Managers and overseas Security Liaison Officers.
- Worked with the FAA on the development of the "Level Playing Field" NPRM which has now been published. Working with State to require equal treatment by foreign governments of U.S. air carriers at overseas locations.

COST OF LEVEL IV SECURITY

SENATOR LAUTENBERG: Has this office calculated the cost impacts on American airports and carriers for instituting level IV security procedures that went into effect with the outbreak of war in the Middle East? Were any attacks foiled as a result?

ANSWER: The airline and airport industry assisted FAA in developing airline and airport contingency plans to ensure the safety and security of the traveling public. DOT is working with industry to ensure mandatory security procedures warrant airline/ airport expenditures. If not, adjustments will be made.

No planned attacks against the aviation industry were discovered or foiled. However, we do not know the number of incidents that may have been prevented because of the tight level of security that was implemented.

OFFICE OF INTELLIGENCE AND SECURITY STAFFING AND CREDIBILITY WITHIN GOVERNMENT

SENATOR LAUTENBERG: You are requesting a staffing level of 15 personnel for this office. Are all your positions and other security positions through the Department filled? How is the staff utilized?

ANSWER: Fourteen of the fifteen positions authorized for the Office of Intelligence and Security are filled; a selection has been made for the final position. FAA had 848 security positions authorized in FY 91; 1026 in total are requested by FY 92. As of February 28, 648 security personnel were on-board.

In the Office of Intelligence and Security, in addition to the Director, Deputy Director, and three clerical positions, the office is organized into functional areas as follows:

- Intelligence Division (four personnel)
  - o Provides advice to the Director on transportation intelligence.
  - o Provides general and specific intelligence relative to the national security and transportation modes by establishing linkages between the operating administrations and the intelligence community.
  - o Provides a liaison function between the Director and the private sector on transportation intelligence.

- o Performs strategic intelligence analysis.
- Security Division (four personnel)
  - o Provides support to the Director on transportation security.
  - o Acts as point of contact for all transportation security matters.
  - o Oversees the activities of the operating administrations in transportation security activities.
- Plans and Policy Division (two personnel)
  - o Coordinates and prepares each stage budget submission; acts as the Planning, Programming and Budgeting System coordinator.
  - o Develops, analyzes and implements long range plans and policies.

INFORMATION ACCESS

SENATOR LAUTENBERG: Are you satisfied that you are receiving timely and accurate information from the law enforcement and intelligence communities to properly perform your job?

ANSWER: Admiral Robbins has personally met with the Director of the Central Intelligence Agency and the directors of all the national foreign intelligence program agencies and with the heads of the intelligence entities of those agencies that are not dedicated exclusively to intelligence. We have received their personal assurance of maximum cooperation. We have every reason to believe they are carrying out their promises.

The Director of the Office of Intelligence and Security has a seat when DOT related issues are on the agenda, on the National Security Council's, Policy Coordinating Committee on Terrorism and the Coordinating Sub Group for Terrorism. The Intelligence Division staff is well connected at the working level with the agenda of intelligence community and attend all meetings of the Interagency Intelligence Committee on Terrorism.

This office has not interfered with the established working relationships that the operating administrations, primarily Coast Guard and FAA, have with the intelligence community. We do monitor that relationship and assist, where appropriate. These relationships are largely tactical, rather than strategic.

Interactions with the appropriate law enforcement agencies are also effective. Our primary liaison is with the Federal Bureau of Investigation - the lead federal agency for counterterrorism. We receive timely reports on an ad hoc basis from the Bureau of Alcohol, Tobacco, and Firearms; the Drug Enforcement Agency ("Narco-terrorism", especially); U.S. Customs Service; and the U.S. Secret Service.

Of course, contact with the Coast Guard and the Federal Aviation Administration is continuous.

BACKGROUND CHECKS

SENATOR LAUTENBERG: As you know, the Aviation Security Improvement Act of 1990 directed the FAA to issue regulations to require background checks of persons in security-sensitive positions. The law clearly intends that such requirements would apply to both persons already employed, and prospective employees. It has come to my attention that the Department may be taking the position that only prospective employees would be subject to background checks. Is this true? If so, how does the Department justify this position with the clear letter and intent of the law?

ANSWER: The Act requires the FAA to issue regulations to require employment investigations for persons at an airport who have or authorize others to have, unescorted access to aircraft or secured areas of an airport. The Administrator may also require an identification and criminal history check of these persons. FAA has long supported checks on persons in critical positions at airports.

Section 105 of the Aviation Security Improvement Act of 1990, P.L. 101-604, gives the Administrator the authority to determine that there are categories of existing and/or prospective employees for whom background checks are not "necessary to ensure air transportation security". (Among these might be retiring policy officers, hires from other airlines that had recently passed such an investigation, etc.) FAA has asked that the Aviation Security Advisory Committee address this issue and identify the many complex issues associated with it. The Committee has recommended that subsequent rulemaking include a discussion of the extent to which longtime airport employees should be subjected to criminal history checks.

SENATOR LAUTENBERG: If not, can you provide assurances that this provision of the law will be implemented as intended?

ANSWER: The Department will implement the law as intended.

EXPLOSIVE DETECTION EQUIPMENT

SENATOR LAUTENBERG: The Department has been evaluating a number of explosive detection systems (EDS) for approval for use by U.S. airlines and airports. Without knowing if such systems would meet FAA specifications, carriers are reluctant to acquire them. Therefore, timely action is important. What is the status of these evaluation? When and if a system is approved, what procedures are used to notify air carriers and airports. Is the Department evaluating foreign systems as well as domestic ones?

ANSWER: The FAA owns six thermal neutron analysis (TNA) units that are being deployed as a part of a demonstration program. At this time, three units are deployed (one each) at JF Kennedy, Dulles, and Gatwick Airports for evaluation and testing. Additional installations may include two units at San Francisco Airport and a second European location. A system at Miami was returned to the manufacturer after one year of operation per an agreement with Pan Am.

This fall the FAA evaluated a number of commercially available explosive detection systems which were not automated. Of the eight systems evaluated, three of them were manufactured outside of the United States.

On April 3, we will begin operational testing and procedure development leading to an advisory circular which will go to the air carriers and identify the equipment which may be used and how it can be used to clear specific threats. Use of this equipment will be an alternative to other more labor intensive security controls.

The FAA is also conducting research on competing technologies that will be the automated technology of the future. The systems under evaluation include:

- Pulsed Fast Neutron Analysis: Complete field testing, September 1993.
- Nuclear Resonance Absorption: Start field testing, December 1991.
- X-ray Diffraction: Delivery of brass board model (prototype unit), December 1993.
- X-ray Backscatter: Start field testing, December, 1991.
- Magnetic Resonance: Delivery of brass board model, December 1993.
- Chemiluminescence: Start field testing scheduled for May 1991.
- Ion Mobility Spectrometer: Start field testing of a transportable system, August 1992.
- Atmospheric Pressure Ionization Mass Spectrometer: Complete brass board testing, May 1992.

According to 14CFR108, the Administrator of the FAA may require the deployment of EDS. A variety of factors must be addressed before a deployment decision, beyond the current limited demonstration program, is made. Clearly, we must consider and evaluate such factors as systems availability, cost, effectiveness, and possible placement of the architecture.

Consistent with Section 108 of the Aviation Security Improvement Act of 1990, we are establishing testing protocols for explosive detection equipment.

TERRORISM ON OTHER MODES

SENATOR LAUTENBERG: Admiral Robbins, has your office initiated any programs designed to thwart terrorism against non-aviation modes of transportation?

ANSWER: The greatest effort of my office thus far, aside from aviation, has been with cruise ships. We have worked closely with the cruise ship industry, most of which (all but two vessels) are foreign owned and registered; with the Coast Guard; and with the NSC's Policy Coordinating Committee on Terrorism. We have succeeded in moving that industry towards enhancing security and in vastly speeding up the Coast Guard's regulatory process to implement the International Maritime Organization (IMO) guidelines for cruise ship security.

We are providing assistance to MARAD through participation in their Regional Maritime Security Awareness Seminars, and helping MARAD deal effectively with the intelligence community.

We are engaged in a variety of educational efforts with UMTA on mass transit security, with RSPA on security for the Trans-Alaska pipeline, with the Association of Railroad Police for rail system security, and with St. Lawrence Seaway Corporation.

Additionally, we have established operational contacts with all the operating administrations to act as a conduit through which we can pass transportation threat intelligence information. This system was used extensively during the recent Desert Shield/Storm transportation operation.

DISADVANTAGED BUSINESS

SENATOR LAUTENBERG: By law, major direct Federal contracts must include a provision to subcontract a percentage of the work to small and disadvantaged businesses. The Department's Office of Civil Rights and the Office of Small and Disadvantaged Business

Utilization both monitor and enforce this requirement. What are the primary functions of each of these two offices?

ANSWER: The Departmental Office of Civil Rights, unlike its modal counterparts, does not play any role in the Department's direct contracting program for prime or subcontracts. However, in regard to the Department's financial assistance or grant programs to State and local transportation agencies, the primary functions of the Office of Civil Rights are the investigation of complaints of discrimination and the adjudication of appeals of denials of DBE certification.

The functions of the Office of Small and Disadvantaged Business Utilization (OSDBU) as they pertain to the direct Federal contracting program are to: negotiate subcontracting goals with DOT operating administrations and the SBA; assist the DOT operating administrations and the SBA Procurement Center representative in the review of proposed subcontracting plans submitted by prime contractors, as requested; assist the DOT operating administrations in mediating/resolving or clarifying any issues which may arise between small and disadvantaged businesses and the prime contractors, upon request; assist the prime contractors in locating or identifying potential small and disadvantaged businesses subcontractors who can assist the prime contractors in meeting their subcontracting goals, as requested; and assist the small and disadvantaged businesses in their marketing efforts with prime contractors by developing and updating the DOT-wide Small Business Subcontracting Directory of active prime contracts with approved subcontracting plans. This directory is widely distributed to firms through the OSDBU's National Information Clearinghouse and at various procurement conferences.

SENATOR LAUTENBERG: In general are there patterns of abuse that exist, either by mode, or region of the country?

ANSWER: The Department's Office of Civil Rights has two primary functions; investigation of complaints of discrimination and the adjudication of appeals of denials of DBE certification. To date there is no evidence of abuse of the certification process, either by mode, or region of the country. Additionally, upon review of statistics by the Office of the Inspector General, no discernible pattern of DBE abuse by region of the country was found.

SET - ASIDES

SENATOR LAUTENBERG: In summary, what are the goals of contract set-asides, how are set-aside provisions carried out, and how are the laws that protect disadvantaged business working?

ANSWER: The Department's disadvantaged business enterprise (DBE) program does not involve contract set-asides. In a set-aside program, contracts are designated for competition solely among DBEs, and other firms need not apply. In the Department's DBE program, DOT directs grant recipients to set goals for DBE participation in Federally-assisted contracts. The statutes establishing the DBE program create a nationwide 10 percent DBE participation target to ensure that DBEs have an opportunity to compete for business opportunities generated by major national transportation grant programs.

For the DOT contracting programs the OSDBU negotiates annual procurement preference goals with the DOT procurement offices and the SBA for the participation of small and disadvantaged business enterprise in its contracts. Awards are made in accordance with the Federal Acquisition Regulation and the Department has met and often exceeded its direct contracting goals each year.

For the financial assistance or grants program, the DBE goal requirement of 10 percent is established by statute and implemented by DOT regulation, 49 CRF Part 23. The DBE goals are proposed by DOT-assisted State and local transportation agencies and approved by the appropriate DOT agency in consultation with OSDBU. For the past two years an overall goal of greater than 14 percent has been attained.

The Department has given full support and devoted significant staff and financial resources to implement the direct contracting preference goals program and the DBE program for State and local transportation agencies. As a result of our high achievements in both programs, the Department is recognized as one of the leading Federal agencies in awards to small and disadvantaged entrepreneurs.

SENATOR LAUTENBERG: For the record, provide a brief description by mode of the laws in effect that govern the awarding of DOT contracts and address minority and small disadvantaged business needs.

ANSWER: The Department's disadvantaged business enterprise (DBE) program affects contracting in the Department's highway, mass transit, and airport grant programs. Section 106(c) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 provides that, except to the extent the Secretary determines otherwise, 10 percent of funds authorized under the Act shall be expended with small business concerns owned and controlled by socially and economically disadvantaged individuals (the statute presumes women and members of certain minority groups to be disadvantaged). This provision forms the basis for the DBE program in the Department's highway and mass transit grant programs. Section 105(f) of the Airport and Airway Safety and Capacity Expansion Act of 1987, an almost identically worded statute, provides the basis for the program in the airport grant program.

In addition, the Federal Railroad Administration (FRA) has a minority and women's business enterprise program in its grant programs. The FRA's authority for this program is section 905 of the Railroad Revitalization and Regulatory Reform Act of 1976. Section 905 requires FRA to take affirmative action, including the development of programs to assist minority businesses, in the financial assistance programs established by the Act. Unlike the provisions concerning the highway, mass transportation, and airport programs, this statute does not specify a participation goal for businesses owned by minorities or women. Based on this authority, FRA uses its own minority business regulation (49 CFR Part 265) and portions of 49 CFR Part 23 to implement this program.

UNDER-REPORTING INFORMATION TECHNOLOGY COSTS

SENATOR LAUTENBERG: In response to my request, the General Accounting Office (GAO) examined whether the Federal Aviation

Administration was properly reporting the costs incurred for computer and communications systems, as required by OMB Circular A-11. GAO found that complete cost data is not, as is required, being provided to OMB. What have you done in response to that report?

ANSWER: The Office of the Secretary (OST) has been working with the Federal Aviation Administration (FAA) to ensure that future budget submissions, starting with FY 1993, will include air traffic control system reporting in accordance with the A-11 instructions. The FAA Offices of Budget and Management Systems will be issuing a call in April to initiate early efforts to collect and report budget data (including the full range of information technology costs.)

In addition, OST will soon issue a call for FY 1993 budget data, as well as for submissions to the Department's 5-year automation plan. The latter will include requirements to report information technology (IT) data for all IT categories (administrative, operating, R&D) and will be due to OST by July. At that time, OST will reconcile FAA reported IT cost data to assure that it is accurate and complete. After this editing process, OST will provide FAA, in August, with a copy of the edited FAA IT cost data. OST will then coordinate with FAA for the final update of this data before it is submitted to OMB along with the FY 1993 budget.

SENATOR LAUTENBERG: Do you agree with GAO's conclusion that complete information on the extent of FAA's billions of dollars of investment is not available to Congress, to DOT, and to OMB because the FAA improperly excluded data on air traffic control systems from OMB-related budget reports? (If not, why not?)

ANSWER: OST agrees with the GAO conclusion that IT cost data on the air traffic control system (ATCS) were not reported by the FAA in accordance with the A-11 instructions. However, FAA did include information on ATCS automation requirements in the budget request to OMB and in the Capital Investment Plan (though not in the same format and categories as specified under A-11). This information was also provided to Congress.

SENATOR LAUTENBERG: Do you believe that the omission of air traffic control system data is significant enough to warrant a material control weakness determination under the Federal Managers' Financial Integrity Act?

ANSWER: The Department has reviewed the GAO report and its proposal concerning the need to report the lack of complete information technology systems data as a material weakness. The Department takes very seriously the concerns raised by GAO, and an official position on the material weakness issue is expected to be included in DOT's final comments on the GAO report, due in April. In any case, FAA is proceeding to comply with GAO's recommendations.

SENATOR LAUTENBERG: OMB Circular A-11 provided detailed instructions on the preparation and submission of annual budgets, including expenditures on life-cycle costs of data processing programs and information technology. GAO found that FAA has not submitted all the data as required. Why have your submissions been incomplete?

ANSWER: The failure to report the IT cost data was due to FAA's determination that the IT in support of the ATCS did not fall under the Federal definition of automatic data processing equipment (ADPE). The determination was made in the early 1980's after meeting with OMB representatives. At that time, the interpretation was made that the ATCS resembled a Department of Defense on-line, real time command and control system in that it was specially configured technology and was therefore not required to be included in the Circular A-11 submission.

SENATOR LAUTENBERG: My understanding is that, in defense, FAA stated that its current organizational structure does not easily facilitate the gathering of accurate data. This causes great concern. How does your office verify that FAA's budget submissions are accurate and complete?

ANSWER: The Office of the Secretary subjects FAA's budget submissions to a thorough review, to ensure that the Secretary's decisions are based on reliable information. We cross-check data in the requests against available documents, raise questions, and request additional data as necessary. Key points are often surfaced as a result of this analysis. OST has improved the accuracy and completeness of budget submissions in recent years by issuing more comprehensive budget guidance, and has worked with the modes to identify data requirements as early in the budget process as possible.

SENATOR LAUTENBERG: Why is accurate data hard to get?

ANSWER: There are several reasons why the A-11 data has been hard to obtain. One is that there is currently no single source in FAA that can provided this information in the required format. The data is located in the individual FAA program offices, at dispersed locations, and is maintained in a variety of formats. A further complexity is that FAA's accounting system has not been coded in a way that allows IT costs to be captured automatically by a central office. However, even if the accounting system is used to capture historical data in this manner, budget forecasting methods are needed to generate estimates of future IT expenditures -- the primary feature of the A-11 exhibits. Lastly, in some cases it is conceptually difficult to identify the IT components of ATCS engineering, design, development and maintenance costs. FAA has assembled a team, under the direction of its central budget office, to identify those IT components which may have been "imbedded" in larger systems and not previously broken out.

SENATOR LAUTENBERG: What changes are necessary, either in your office or in FAA, to ensure timely and accurate data collection and reporting?

ANSWER: The Offices of Budget and Management Systems, both in OST and FAA, are now working more closely to address this issue. The FAA has agreed that ATCS and other operational systems fall under the definition of ADPE for A-11 reporting purposes. This interpretation is being reinforced in the FY 1993 budget guidance and in OST's annual call for IT cost data. The FAA budget office has taken steps to make the comprehensive collection of IT data an integral part of FAA's budget formulation process. The office has assembled a special team to ensure the effective and timely submission of A-11 data with the FY 1993 budget.

NEW DOT BUILDING

SENATOR LAUTENBERG: What is the status of the new building for the Department?

ANSWER: The Department of Transportation and the General Services Administration (GSA) are preparing a prospectus for a 1.7 million occupiable square foot building together with 1,562 parking spaces at Union Station which GSA will submit to Congress shortly. Funds for this project appear in the GSA FY 1991 budget and in the GSA and DOT FY 1992 budgets. An Environmental Impact Statement has been started and is expected to be completed early calendar year 1992.

SENATOR LAUTENBERG: In the fiscal year 1991 Treasury/Postal Appropriation Bill, $50 million was appropriated for the new DOT building subject to advance approval of the Senate and House authorizing committees of jurisdiction. What is the status of those funds? Have you gotten approval to use these funds for site acquisition? If not, why not?

ANSWER: Pursuant to the Treasury/Postal Appropriations Act, obligation of the $50 million appropriated in the FY 1991 GSA budget for site acquisition is subject to approval of both the authorizing and appropriations committees. The next step in the process is transmittal of the prospectus for a 1.7 million occupiable square foot building to be constructed in the air rights at Union Station. The approval to use the $50 million will be requested after the prospectus is submitted to Congress.

SENATOR LAUTENBERG: The first $50 million was for site acquisition and you have requested an additional $8.7 million in 1992 for additional site acquisition costs. How much property is being purchased for $58.7 million?

ANSWER: The $8.7 million referred to is included in the FY 1992 GSA Budget. The project includes acquisition of approximately 10.7 acres of air rights owned by AMTRAK. This parcel will be combined with the adjacent 5.8 acres of air rights owned by DOT to form the site location for the project. The total estimate of site acquisition costs is $58.7 million.

SENATOR LAUTENBERG: It was originally reported that CSX was looking for $100 million for the property in question. How does the $58.7 million compare to their asking price? Are you purchasing less space?

ANSWER: Although it appears that we are purchasing less property -- given the price differential between the CSX and Amtrak acreage -- in fact, the $58.7 million would purchase a larger site. The CSX property, which we were at one time considering, involved 5.6 acres which would have been part of a total 11.5 acre plan for the new building. Under our current plan, we would purchase approximately 10.7 acres of air rights from Amtrak and incorporate 5.8 acres of air rights owned by DOT for a total requirement of approximately 16.5 acres of air rights. Purchase of air rights, in general, is less expensive than real estate because the appraised value of the air rights is reduced by the costs of constructing the platform to support construction.

SENATOR LAUTENBERG: Last year, one of the problems associated with the site chosen, near Union Station, was resistance from CSX Corporation on selling the necessary land and air rights. Has this issue been settled? (If so, how?)

ANSWER: Yes. For a number of reasons including cost and the unwillingness of the CSX group to sell its property outright for future Government development, DOT and GSA agreed to explore ways to accomplish our objectives without the CSX property. The CSX property is not needed in our current plan which depends on air rights.

SENATOR LAUTENBERG: Does the U.S. Government need to exercise the power of eminent domain to secure this property?

ANSWER: No. Since AMTRAK appears to be a willing seller there is no reason for the U.S. Government to exercise its power of eminent domain for the acquisition of the AMTRAK air rights we are interested in obtaining. Eminent domain could have been an issue with CSX.

SENATOR LAUTENBERG: Has the prospectus for this building been approved so that the project can go forward? If not, where is it in the process, and when will it be sent to Congress?

ANSWER: The prospectus is pending OMB review and we expect clearance for transmittal to Congress in early April.

SENATOR LAUTENBERG: The fiscal year 1992 request of the Treasury/Postal Subcommittee is for $28.2 million for design and management and $444.3 million for a new building. In the request it states that, "...occupants of this new facility will be relocated from two leased locations. DOT will continue to occupy Federal building 10-A." Which federal employees do you plan to keep at building 10-A? What are the costs associated with keeping building 10-A?

ANSWER: The current plan is to house DOT in three facilities: a proposed 1.7 million occupiable square foot air rights building at Union Station; FB-10A; and FB-10B. At this time, the final housing plan for the three buildings has not been completed. Studies are underway to determine the final housing assignments, based on employee location requirements. In all likelihood, DOT employees who do not require proximity to the Secretary and top DOT policy officials will be housed in FB-10A and FB-10B.

In addition to planned GSA renovations to FB-10A and FB-10B, the Department will include approximately $33.4 million in future budgets for special requirements for these buildings. Of this amount, $24.8 million is associated with upgrading FB-10A.

SENATOR LAUTENBERG: Is the $591.5 million the total costs associated with the new building?

ANSWER: Yes. Beyond the new building itself, an additional $33.4 million will be included in future budget requests for alterations to existing Federal buildings (FB-10A, FB-10B) that DOT will occupy. Also, funds will be requested in the out-years for systems furniture and relocation costs. The components of the cost of the building are shown below.

(In Millions)

	DOT	GSA	TOTAL
FY '91			
- Site Acquisition	$ -	$ 50.0	$ 50.0
FY '92			
- Site Acquisition	-	8.7	8.7
- Design, Construction, Inspection & Supervision	-	463.8	463.8
- Communications & Special Requirements	69.0	-	69.0
Subtotal	–		$591.5
Upgrade FB-10A/FB-10B	33.4	-	33.4
			$624.9

SENATOR LAUTENBERG: In addition to the funds requested, within the General Services Administration budget, you have requested $69 million from this Committee for items considered "above GSA standard specifications." What items in particular are above GSA standards? Who decided these "above standard" items are necessary?

ANSWER: The $69 million includes $26.9 million in "soft costs" and "$42.1 million for communications ($21M) and above standard" items ($21M). The items above GSA standards are: DOT special requirements such as state-of-the-art communications, secured conference information facilities, vaults, computer support areas, conference rooms, and clinics. For the most part, these are agency specific space needs and will require modifications above standard office space to satisfy program requirements.

These above standard items are now in the existing headquarters buildings and are currently being used to support program requirements. DOT program offices requiring these special spaces have determined that the need will continue in the future, therefore, the above standard items will be included in the new building. These requirements were determined by DOT in conjunction with GSA.

SENATOR LAUTENBERG: Why do you need $26.9 million in "soft-costs," i.e., to supervise design and inspection of construction?

ANSWER: The $26.9 million referred to is part of the $69 million in the DOT request. It does not relate to construction of the building. It includes the cost for supervision of design and inspection of construction, general conditions, overhead, profit, contingencies, and escalation related to the communications and special space requirements. The $26.9 million is calculated based on GSA percentages for determining these costs.

SENATOR LAUTENBERG: What special needs do you have that require the spending of $26.9 million above the $28.2 million GSA will spend on design and inspection of construction?

ANSWER: The $26.9 million is for soft costs (i.e., general conditions and profit, escalation, contingencies, design and inspection, etc.) associated with the $42.1 million included in the DOT budget for special requirements and communications. The $28.2 million in the GSA budget relates to construction of the building.

SENATOR LAUTENBERG: You are requesting an additional $20.7 million for special features — secure rooms, special computing facilities, etc. Why won't GSA pay for these features?

ANSWER: The requirement that DOT fund some of the building cost is not unique to DOT. It is the GSA policy that agencies must fund the cost of design and construction of special requirements of the tenant agency and general purpose office space which is above the standards outlined in the Federal Property Management Regulations (FPMRs).

SENATOR LAUTENBERG: Do other Departments have to cover these types of costs when they come up?

ANSWER: Yes, the requirement that DOT fund some of the building costs is not unique to DOT. All other Departments are subject to the same GSA policy which requires agencies to fund the cost of design and construction of special requirements of the tenant agency and general purpose office space which are not provided for in the Federal Property Management Regulations (FPMRs).

SENATOR LAUTENBERG: What types of telephone, data and video services are covered by your request for $21.4 million? What makes them special, i.e., above GSA standards, and why are they necessary?

ANSWER: The $21.4 million is for the installation of an integrated digital building telecommunications cabling system based on fiber optics to meet all of the present and planned information transport requirements of DOT Headquarters. This will allow a single network wiring for telephone, computer, TV, thermostats, fire and security and fax systems. Advances in fiber optic cable technology and dramatic decreases in optical network costs have indicated that this approach would be 1/2 to 1/3 less the cost of traditional wiring for each system. A fiber optics system will also accommodate the increased traffic capacity required to permit substantial reductions in the amount of paper presently generated in the DOT office environment. Budgeting the full costs of telecommunications in the DOT budget is consistent with the GSA telecommunications procedures document of December 1988, which stipulates that all wiring shall be the responsibility of the tenant agency.

SENATOR LAUTENBERG: Have you done a cost/benefit analysis of a new building versus continued lease? If so, what were the results (please explain your methodologies)?

ANSWER: Yes, the results of this analysis have been included in the prospectus to be submitted to the committees in the immediate future. The analysis indicates a present value cost advantage of $97,928,000, over a 30-year period, favoring new construction over long-term leasing. This analysis used the present value methodology included in OMB Circular A-104.

SENATOR LAUTENBERG: What cost/benefit analysis have you done regarding the "above standard" items? What were the results?

ANSWER: Cost benefit studies were not done for the above standard items. These items for the most part currently exist in the present headquarters buildings and are critical operational requirements in supporting DOT programs. We recognize it's more cost effective to include these in the initial building construction rather than altering the space after construction is completed. To this end, we are continuing to review these requirements to assure the need to relocate these special spaces to the new building. For example, the DOT printing plant facility was recently relocated to a remote location, thereby relieving the need for its consideration in the new building.

SENATOR LAUTENBERG: Provide square footage for each mode, and number of employees by mode, that will be in the new building.

ANSWER: We are conducting employee and organization location studies in order to determine housing assignments. Therefore, at this time, we are not prepared to provide the space allocation by mode for the occupants of the new building. Our current plans are to house all major organizational elements of each of the Operating Administrations and OST in the 1.7 million occupiable square foot building to be constructed. The remaining staff will be housed in either FB-10A or FB-10B. The organizational adjacency and employee location studies currently underway will determine the final housing assignments.

SENATOR LAUTENBERG: Provide the construction milestone dates.

ANSWER: The following is a summary timetable for construction and relocation into the new building:

Issue RFP for Design/Build Contract	Late 1991
Conduct Design/Build Competition	Late 1992/Early 1993
Award Design/Build Contract	Early 1993
Start Construction	Late 1993/Early 1994
Finish Construction	Early 1998
Relocation Complete	Mid 1998
Complete Upgrade FB-10A/FB-10B	Late 1998

ESSENTIAL AIR SERVICE

SENATOR LAUTENBERG: Under the Omnibus Budget Reconciliation Act of 1990, $38.6 million was authorized for fiscal years 1992 through 1998. How much of this is to continue existing service, and how much for service upgrades?

ANSWER: The Department estimates that $26.6 million will be required to continue existing service and that $12 million will be required for service upgrades.

SENATOR LAUTENBERG: How many points currently receive subsidized service?

ANSWER: 118 points in the 50 states, Puerto Rico, and the Pacific Trust territories receive subsidized service as of March 1, 1991.

SENATOR LAUTENBERG: Has the Department projected whether points will be added or dropped from the program over the 1992 through 1998 period? (If so, what were the findings of that analysis?)

ANSWER: The Department's experience in administering this program suggests that it is reasonable to expect that essential air service at some points may cease to require subsidy support as air carriers achieve self-sufficiency at those points, while subsidy may come to be required to support service at other points which currently are served without subsidy. The Department has not made specific projections as to which points may be so affected. However, in net, experience suggests that the total number of points requiring subsidy will remain fairly stable.

The Omnibus Budget Reconciliation Act of 1990 (Section 9113(a)(e)) prohibits the Secretary from determining that an eligible point is no longer eligible on the basis of per passenger subsidy or other basis.

SENATOR LAUTENBERG: Under current law, can additional points be added to the program? How is this affected by your December 19, 1989, Rule?

ANSWER: Under current law (in particular, under Section 419(d) of the Federal Aviation Act of 1958, as amended) additional points can indeed be added to the program if sufficient funds exist. The authorized level for FY 1992 provides sufficient funds to maintain current service and to implement the basic essential air service upgrades. However, our budget estimates do not contemplate adding new points. The December 19, 1989, rule is applicable only when funding is not sufficient to maintain subsidy-supported EAS at FY 1990 levels. The rule will not apply if enacted FY 1992-98 appropriations are at, or above, the authorized levels.

SENATOR LAUTENBERG: If so, under what circumstances?

ANSWER: As indicated above, the availability of funding to support the upgrades set forth in the Airport and Airway Safety and Capacity Expansion Act of 1987, and not the provisions of the December 19, 1989, Rule, govern whether additional points will be added to the program.

SENATOR LAUTENBERG: The Airport and Airways Capacity Expansion Act of 1987 allows new cities meeting certain criteria to join the program. In summary, describe the conditions that must be met.

ANSWER: Section 419(d)(2) (A) of the subject Act provides that any community may submit a proposal to the Secretary for compensated air transportation, and that the Secretary shall approve such proposal if it is reasonable (considering, among other factors, the traffic generating potential of the point, the cost to the Federal Government of providing the proposed service, and the distance of the point from the closest hub airport), and if any person is willing and able to pay 50 percent of any subsidy cost.

Section 419(d)(2)(B) provides more narrowly that the Secretary shall approve a proposal for compensated air transportation for any point meeting certain isolation criteria which received certificated air service before October 23, 1987, if any person is willing and able to pay 25 percent of any subsidy cost.

SENATOR LAUTENBERG: In the budget justification, you state, "This reflects the anticipation that scheduled air transportation at some non-subsidized points will drop below the break-even level and require subsidy, while some currently subsidized points may be approaching profitability and will come off subsidy." List those points in each category.

ANSWER: The Department has not made specific projections of such points. The identification of these points becomes known to the Department as air carriers file notices to terminate subsidy-free services and as they report to us that they no longer require subsidy at other eligible points.

SENATOR LAUTENBERG: What slots at what airports are earmarked specifically for subsidized essential air service?

ANSWER: There are four points that receive subsidized essential air service to Chicago O'Hare Airport--Iron Mountain Kingsford, MI, Ironwood, MI/Ashland, WI, Manistee/Ludington, MI, and Menominee, MI/Marinette, MI--and two points that receive subsidized essential air service to Washington National Airport--Clarksburg/Fairmont and Morgantown, WV.

Great Lakes Aviation provides the subsidized service to the four points from Chicago and uses a total of 15 slots for that service. Four of the slots—one for 7:15-7:44 am, one for 7:45-8:14 am, one for 3:45-4:14 pm, and one for 4:15-4:44 pm—were originally secured by the Department for essential air service at Manistee/Ludington and continue to be earmarked for that service. Jet Express provides the subsidized service at Washington to the two points in West Virginia and has six slots to provide that service. These six slots—one for 7:00-7:59 am, one for 9:00-9:59 am, two for 2:00-2:59 pm and two for 7:00-7:59 pm are the slots that have historically been used for service between these two West Virginia points and Washington National Airport. The Department has allocated them to Jet Express and earmarked them specifically for essential air service.

SENATOR LAUTENBERG: What authority or responsibility does your office have to ensure that slots are available for this service?

ANSWER: If an air carrier files notice to suspend essential air service between a small community and a high density airport, then under section 419(a)(12) of the Federal Aviation Act, we can require the carrier suspending service to give the slots it uses to the carrier providing replacement service unless the replacement carrier does not need those slots or the carrier suspending service uses those slots to provide service to one or more other eligible points on multiple-stop flights.

If slots cannot be obtained under those statutory provisions and the Department determines that continuation of service to the slot-controlled airport is necessary in order to maintain reasonable access to the national air transportation system, then under the Department's slots rules, 14 CFR Part 93, we could give the carrier providing replacement service any unused, conveniently-timed slots at the airport. If such slots are not available, then we could randomly take slots from service to other communities.

When faced with the choice of taking slots from other existing services, we have to be sensitive to whatever service void such action would create elsewhere. In other words, for every winning community in such cases there unfortunately has to be a losing market that may involve significantly more passengers. For that reason, we have consistently sought to resolve essential air service problems without randomly withdrawing slots from other services.

SENATOR LAUTENBERG: For the record, update the chart starting on pages 736 of Senate Hearing 101-865, part 2, regarding miles between an EAS community and alternative service, average enplanements, subsidy, and subsidy per passenger.

ANSWER: The requested information is provided in the following table. This list reflects subsidy rates effective as of March 1, 1991. Traffic data are for calendar year 1990, except as noted. Subsidy amounts are subject to change based on adjustments of temporary rates and hold-in subsidy rates.

SENATOR LAUTENBERG: Update the summary of normal disbursements chart (for fiscal years 1989, 1990, and 1991) found on page 740 of Senate Hearing 101-865, part 2.

ANSWER: The requested information is provided in the following tables showing separately normal subsidy (i.e., prospective subsidies for carriers selected to provide essential air service), and hold-in subsidy i.e., subsidy to compensate carriers for losses sustained after filing notice to terminate service). Payments listed for fiscal year 1991 are through March 31, 1991.

(The information follows:)

SUBSIDIZED ESSENTIAL AIR SERVICE (EAS)

States/ Communities	Miles Btwn. EAS Point and Alt. Airport 1/	Avg. Daily Enpl's at EAS Point (CY 1990)	Annual Subsidy 2/	Subsidy Per Psgr.
ALABAMA				
Anniston	62	31.1	$232,126	$11.92
Gadsden	60	2.8	$232,126	$130.33
Muscle Shoals	57	26	3/	-
Tuscaloosa	57	25.5	3/	-
ARIZONA				
Kingman	103	7.4	$130,807	$28.39
Page	137	13.9	$251,423	$28.95
ARKANSAS				
El Dorado/Camden	84	4.2	$743,410	$281.49
Harrison	88	5.9	$563,665	$152.55
Hot Springs	57	6	$566,980	$152.21
Jonesboro	71	1.6	$266,684	$269.38

States/ Communities	Miles Btwn. EAS Point and Alt. Airport 1/	Avg. Daily Enpl's at EAS Point (CY 1990)		Annual Subsidy 2/	Subsidy Per Psgr.
CALIFORNIA					
Crescent City	80	7.9	5/	$154,660	$31.26
Merced	60	19.7	5/	$310,521	$25.17
COLORADO					
Alamosa	127	26.9		3/	-
Cortez	57	16		$138,210	$13.84
Lamar	114	2.4		$272,106	$178.90
ILLINOIS					
Mattoon/Charleston	46	6.4		$171,148	$42.92
Mt. Vernon	93	4/		$171,148	-
IOWA					
Ottumwa	92	2.6		$253,442	$153.88
KANSAS					
Dodge City	156	5.9		$272,106	$74.12
Garden City	209	10.5		$272,106	$41.45
Goodland	190	1.7		$272,106	$251.72
Great Bend	116	3.3		$272,106	$131.90
Hays	175	9.6		$272,106	$45.50
Liberal/Guymon	162	6.6		$272,106	$65.92
MAINE					
Bar Harbor	52	20.8		$203,933	$15.68
Rockland	65	11.1		$203,933	$29.33
MICHIGAN					
Iron Mountain	200	33.7		$95,485	$4.53
Ironwood/Ashland	103	16.2		$95,484	$9.43
Manistee/Ludington	120	6.8		$237,574	$55.49
Menominee/Marinette	60	5.1		$95,484	$29.73
MINNESOTA					
Fairmont	153	5.3		$146,610	$44.11
Mankato	75	4.1		$146,610	$56.80
Worthington	62	3.3		$146,610	$71.20
MISSOURI					
Ft. Leonard Wood	92	14.8		$163,675	$17.61
Kirksville	145	4/		$356,866	-
MONTANA					
Glasgow	247	4.3		$250,967	$92.23
Glendive	192	2		$236,814	$184.72
Havre	113	2.5		$251,696	$163.97
Lewistown	108	1		$251,696	$387.82
Miles City	146	1.6		$236,814	$229.69
Sidney	183	6.5		$519,271	$127.84
Wolf Point	222	3.5		$250,967	$113.00
NEBRASKA					
Alliance	242	2.3		$182,224	$125.93
Chadron	104	2.4		$182,224	$122.46
Grand Island	98	12.9		$246,520	$30.46
Hastings	104	4.8		$297,168	$98.86
Kearney	130	9.9		$297,168	$47.79
McCook	259	3.3		$297,168	$144.05
North Platte	282	6		$267,119	$70.67
Scottsbluff	202	7.9		$267,119	$53.89
NEVADA					
Ely	236	5.1		$323,330	$100.35

States/ Communities	Miles Btwn. EAS Point and Alt. Airport 1/	Avg. Daily Enpl's at EAS Point (CY 1990)	Annual Subsidy 2/	Subsidy Per Psgr.
NEW HAMPSHIRE				
Laconia	52	1.8	$272,384	$241.69
NEW MEXICO				
Alamagordo	92	10.3	$165,766	$25.60
Clovis	106	9	$139,432	$24.81
Hobbs	98	9.2	$85,690	$14.83
Santa Fe	59	27	$132,314	$7.82
Silver City	163	7	$179,525	$40.83
NEW YORK				
Massena	149	13.1	6/	-
Ogdensburg	127	12.3	6/	-
NORTH DAKOTA				
Devils Lake	90	7.9	$88,908	$18.07
Jamestown	97	13.8	$88,908	$10.32
Williston	130	13	$463,521	$56.88
NORTHERN MARIANAS				
Rota	N/A	96.5 5/	$167,776	$2.78
OKLAHOMA				
Enid	91	6.4	$184,646	$46.05
Ponca City	88	7.6	$184,646	$38.91
PENNSYLVANIA				
Oil City/Franklin	72	33.8	$119,034	$5.62
PUERTO RICO				
Ponce	80	18.5 5/	$269,500	$23.28
SOUTH DAKOTA				
Brookings	57	6.9	$96,079	$22.13
Huron	121	10.7	$96,079	$14.32
Mitchell	68	3.1	$96,079	$48.99
Pierre	207	18	$344,688	$30.59
Yankton	96	2.8	$194,817	$112.42
TEXAS				
Brownwood	77	4.8	$298,720	$99.08
Paris	95	1.8	$283,490	$248.46
UTAH				
Cedar City	171	17.2	$99,399	$9.26
Moab	116	2.8	$172,930	$97.37
Vernal	171	8.4	$286,632	$54.45
VIRGINIA				
Danville	57	23.6	$218,875	$14.83
Hot Springs	95	4/	$266,205	-
WASHINGTON				
Ephrata/Moses Lake	83	13.9 5/	$163,355	$18.72
WEST VIRGINIA				
Beckley	59	33.2	$193,657	$9.32
Clarksburg/Fairmont	107	4/	$326,796	-
Elkins	141	1.9	$323,952	$266.63
Morgantown	75	4/	$326,795	-
Princeton/Bluefield	96	35	$65,501	$2.99
WYOMING				
Worland	164	5.7	$352,655	$99.51

1/ The highway miles quoted in this table are in some instances different from those in earlier responses and are consistent with the Department's Final Rule on subsidy-eligibility criteria issued December 19, 1989. We have measured the distance from the center of the EAS community to the alternate airport. For these purposes, we have defined an altornate airport as one that enplanes at least 100 passengers per day. In addition, the distances are from the EAS community to the nearest unsubsidized air service, and those points can change over time as some points go off subsidy and new points require subsidy.

2/ Rates in effect as of March 1, 1990. Some of the rates are temporary rates and are subject to adjustment.

3/ No subsidy rate is currently in effect, but subsidy obligations are being accrued. Rates for these locations are expected to be set by the end of FY 1991.

4/ No traffic data are reported because the point experienced a service hiatus for all or a significant portion of the year.

5/ Data are for 12 months ended September 30, 1990.

6/ The community currently is without scheduled air service. Efforts are underway to secure such service.

NOTE: The annual rates listed above represent only one piece of the FY 1991 budget requirements. In addition, there are requirements for lump sum payments for services already performed, past- and future-period rate adjustments, and carrier selections reestablishing air service at points temporarily without air service.

SUMMARY OF NORMAL DISBURSEMENTS

Air Carriers	1989	1990	1991
Air L. A.	251,895	52,924	0
Air Midwest	2,104,213	1,981,329	918,212
Alaska Airlines	1,402,042	1,320,901	332,921
Aleutian Air	33,329	37,691	36,522
Alliance Airlines	0	0	0
Alpine Air	172,030	159,117	71,824
Atlantic Southeast	247,693	420,949	81,325
Bar Harbor	0	0	0
Bemidji	444,983	455,467	139,465
Big Sky	1,479,525	2,489,559	744,816
CCAir, Inc.	510,104	1,297,075	161,511
Chitina	102,656	6,584	0
Christman	0	285,984	135,911
Clinton Aero/Brockway	614,562	0	0
Colgan	0	0	0
Continental	595,443	399,410	65,603
Crown	129,847	124,217	31,600
Direct Air	389,551	0	44,895
Exec Express	3,380,509	3,113,965	1,263,038
Executive Air	259,978	263,609	87,506
40-Mile Air	38,032	37,770	9,378
Friendship Air Alaska	1,198	0	0
GCS Air Services	282,046	77,516	0
GP Express	2,289,345	2,205,733	1,028,931
Golden Pacific	94,344	0	0
Great Lakes	1,702,287	1,057,179	448,953

Gulf Air Taxi	0	11,861	11,678
Gulkana Air	18,708	18,709	6,236
Harbor Air	53,332	29,617	5,695
Hermens/Markair	14,612	124,476	109,048
Horizon Airline,	263,044	181,129	68,139
Iowa Airways	482,040	116,572	0
Jet Express, Inc.	0	378,086	231,398
Mesa	903,125	544,283	374,184
Mesaba	861,738	274,156	0
Metro Air Northeast	195,446	292,058	116,172
Mid Continent	751,000	115,687	0
MST Aviation	210,632	0	0
Peninsula	661,283	283,003	0
Precision Valley	93,600	0	0
Presidential	913,166	0	0
Prime Air	338,500	0	0
Propheter Aviation	444,149	178,888	28,403
Reeve Aleutian	0	0	0
Rocky Mountain	375,110	375,822	49,111
Ryan Air Service	2,992	5,712	944
Sky West	880,886	855,525	290,176
SkyMasters	0	123,413	102,193
Valley Airlines	353,640	212,084	0
Wardair	5,666	6,558	7,606
West Air	460,468	282,006	149,928
Yute Air Alaska	0	0	0
Total	24,808,749	20,196,624	7,153,322

SUMMARY OF HOLD-IN DISBURSEMENTS

Air Carriers	1989	1990	1991
Air Kentucky	183,244	0	0
Atlantis	155,780	0	50,949
Bering Air	8,855	0	0
Friendship Air Alaska,	8,314	0	0
GCS Air Service	93,257	171,706	0
Great Lakes	199,323	0	0
Iowa Airways	0	0	0
Mesa Air Shuttle	77,066	150,224	0
Mesaba	0	247,650	253,378
Reeve Aleutian	603,996	383,304	0
Simmons	413,812	15,550	0
Total	1,743,647	968,434	304,327

SENATOR LAUTENBERG: Under law, are service upgrades mandatory or discretionary?

ANSWER: Presuming of course the availability of sufficient obligational authority, service upgrades are mandatory to the extent the law specifically defines the aspects of service that "shall" be included in the provision of basic essential air service. It should be noted that the law also directs the Secretary to review the basic essential air service level for each eligible point and to make appropriate adjustments. At times, we find that current service levels (e.g., frequency of flights) cannot be supported, and so advise the community and carrier. In such instances the community may propose to waive service upgrades in order to retain higher service levels, and we have exercised administrative discretion to accept such arrangements when in the public interest.

SENATOR LAUTENBERG: Of the estimated $12 million for service upgrades, how much do you expect to obligate in 1992 for these activities?

ANSWER: Efforts are currently underway in FY 1991 to ensure that service upgrades are fully implemented in FY 1992. At this time, the Department expects that all of the $12 million will be obligated for these activities.

RULEMAKINGS

SENATOR LAUTENBERG: List the rulemakings still outstanding at the Department.

ANSWER: The Department is a very active regulatory agency, with regulatory projects beginning or being completed very frequently. The best comprehensive guide to the status of DOT regulatory activities is the latest DOT Regulatory Agenda, published in the Federal Register on October 29, 1990. This next edition of the Agenda is scheduled to be published in late April. The October listing will be provided separately to the Committee and we will also provide a copy of the new Agenda when it is available.

CONGRESSIONAL REPORTS

SENATOR LAUTENBERG: Please provide a status on each of the studies requested by either the House or Senate Appropriations Committees in the committee reports accompanying the fiscal year 1991 bill.

[The information follows:]

SENATOR LAUTENBERG: List all the reports that are still due the committees from fiscal year 1991 and previous reports.

[The information follows:]

FY 1991 APPROPRIATIONS COMMITTEE ACTION ITEMS
I - HOUSE REPORT 101-584 (H.R. 5229) JULY 10, 1990

HOUSE REPORT PAGE NO.	DESCRIPTION	PRIMARY/ COORD. ADMIN	DUE ON HILL	COMMENTS
H-10 **	UNDEFINITIZED CONTRACT ACTIONS	OST-M/OIG	03-01-91	
H-12 **	INT'L MARKET IMPACT AVIA. SECURITY	OST-P	12-31-90	
H-15	COMMERCIAL SPACE USER FEES	OST-S-50	01-15-91	
H-37	PROPELLER INJURIES	USCG	03-31-92E	
H-46	CONTRACT TOWER @ JOPLIN MO.	FAA	12-31-90	
H-47	SECTOR TERMINAL A.T.C. CAPACITY	FAA	03-31-91	
H-50	FOREIGN NATIONAL FLIGHT ATTENDANTS	FAA	03-01-91	
H-53	OPERATIONS OBLIGATIONS	FAA	QUARTERLY	
H-61	T.D.W.R. ACQ/CONTR. STRATEGY	FAA	01-15-91	
H-61	PRECISION RUNWAY MONITORS	FAA	SEE COMMENT	Include procurement plan with FY 1992 budget submission
H-66	ILS @ OLIVE BRANCH, MS.	FAA	01-15-91	
H-66	CORN PROGRAM PLANS	FAA	SEE COMMENT	Thirty days prior to obligation of FY 91 or prior year funds
H-70	SATELLITE TRANSITION PLAN	FAA	09-30-91	
H-77 **	NATIONAL BICYCLING & WALKING STUDY	FHWA	SEE COMMENT	Report expected about July 1992; Reps. Sabo & Wolf aware.
H-78 **	ASSESSMENT OF HIGHWAY SYSTEM	FHWA	03-01-91	
H-89	FED-AID HWYS. FUNDING STATUS	FHWA	MONTHLY	
H-110	CHILD PASSENGER PROTECTION	NHTSA	04-15-91	
H-111	SPEED ENFORCEMENT	NHTSA	01-15-91	
H-134	ADVERTISING ON TRANSIT SYSTEMS	UMTA	SEE COMMENT	No due date specified. Study plan now underway.
H-151	AUDIT REPORTS	OIG	SEE COMMENT	When issued.

** S-1 signature

II - SENATE REPORT 101-398 (H. R. 5229) JULY 27, 1990

SENATE REPORT PAGE NO.	DESCRIPTION	PRIMARY/ COORD. ADMIN	DUE ON HILL	COMMENTS
S-50 **	INT'L MARKET IMPACT AVIA SECURITY	OST/P	12-31-90	
S-26	HEALTH CARE STUDY	USCG	SEE COMMENT	No date specified
S-26	REC. BOATING CENSUS @ LAKE CHAMP	USCG	SEE COMMENT	No date specified
S-30	CRUISE SHIP SAFETY - NTSB RECOM	USCG	01-01-91	
S-30	CRUISE SHIP SAFETY INITIATIVES	USCG	05-01-91	
S-34 **	PATROL BOAT ACQUISITION PROJECT	USCG	05-01-91	
S-34	ALASKA HOVERCR. STUDY @ COOK INLET	USCG	03-01-91	
S-38	COLD WATER SURVIVAL TRNG CTR	USCG	03-01-91	
S-46	CONTROLLER STAFFING LEVELS	FAA	MONTHLY	
S-51	EN-ROUTE SECT. CAPAC. - INTERIM	FAA	03-31-91	
S-51	EN-ROUTE SECT. CAPAC. - FINAL	FAA	06-30-91	
S-53	MYRTLE BEACH A.F.B. PROPERTY	FAA	12-01-90	
S-66	M.L.S. DEMO. PROGRAM - INTERIM	FAA	03-01-91	
S-66	M.L.S. DEMO. PROGRAM - FINAL	FAA	09-30-91	
S-72	GPS BENEFITS - COMMERCIAL FLIGHTS	FAA	09-30-91	
S-77	CAPAC NEEDS - COMMERCIAL AIRPORTS	FAA	04-01-91	
S-77 **	MILITARY BASE CLOSURES	FAA	SEE COMMENT	June or July 1991, subject to Memo of Agreement between DOT/DOD
S-80	UNIV/IND CTR ON (HIGHWAY SYSTEM) NDE	FHWA	02-15-91	
S-81	B.W. PWKY. CONSTRUCTION FAILURE	FHWA	04-01-91	
S-109	NAT'L DRIVER SIMULATOR - GOALS/OBJECT.	NHTSA	07-01-91	
S-119	MAGLEV MATERIALS FEAS. STUDY	FRA	05-04-91	
S-132	ADD'L LIGHT RAIL EQUIP @ BUFFALO	UMTA	03-01-91	
S-148	LIQUID PIPELINE REGULATIONS STUDY	RSPA	01-01-92	

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III - CONFERENCE REPORT 101-892 (H.R. 5229) OCT. 16, 1990

REPORT PAGE NO.	DESCRIPTION	PRIMARY/ COORD. ADMIN	DUE ON HILL	COMMENTS
C-11	REIMBURSABLE BILLING STRUCTURE	OST/M	01-31-91E	
C-13	OIL SPILL TRUST FUND ACTIVITY	USCG	QUARTERLY	
C-22	VSCS STATUS	FAA	SEE COMMENTS	Thirty days prior to prime contract award
C-23	AIRWAY SCIENCE CURRICULUM	FAA	05-31-91	
C-44	AUXILIARY FSS PROG IMPL	FAA	05-04-91	
C-45	ATC CLASSIFICATION @ LEVEL IV FAC.	FAA	05-04-91	

FY 1990 APPROPRIATIONS COMMITTEE ACTION ITEMS
IV - PRIOR YEAR REPORTS CARRIED OVER

REPORT PAGE NO.	DESCRIPTION	PRIMARY/ COORD. ADMIN	DUE ON HILL	COMMENTS
HOUSE REPORT 101-183 (H. R. 3015) July 26, 1989				
H-11	REVIEW OF OST ORGANIZATION	OST-M	SEE COMMENT	Being resolved in context of NTP Phase 2
H-70	HIGHWAY/TRANSIT FUNDING BALANCE	OST/P	SEE COMMENT	Estimated completion date 07-01-91
H-39	SACRAMENTO CA. AIRSPACE MGMNT	FAA	10-01-91E	
H-46	NAS PLAN FIELD STAFF REQMNTS	FAA	02-28-91E	
H-49 **	VSCS RISK CERTIFICATION	FAA	SEE COMMENT	FAA to prepare certification for S-1 prior to contract award

REPORT PAGE NO.	DESCRIPTION	PRIMARY/ COORD. ADMIN.	DUE ON HILL	COMMENTS
H-59	GAO CORN EVAL/FAA RESPONSE	FAA	SEE COMMENT	Defer contract award until Committee reviews
H-66	NEW CONN. HUB AIRPORTS STUDIES	FAA	01-31-91E	
H-126	WESTSIDE LIGHT RAIL (1st segment)	UMTA	SEE COMMENT	Prepare letter of intent and FFA for S-1 signature by 09-30-90; FFA will not be signed until all legal requirements met; not likely until end of CY 1991.
SENATE REPORT 101-121 (H. R. 3015) Sept. 7, 1989				
S-36	NEW CONN. HUB AIRPORTS STUDIES	FAA	01-31-91E	
S-36	FEASIBILITY REG. AIR CARGO FACIL	FAA	01-01-91E	
S-45	UNIFIED F&E PLAN	FAA	ANNUAL	
HOUSE REPORT 101-315 (H. R. 3015) CONFERENCE REPORT. Oct. 26, 1989				
C-9 **	FOREIGN INVEST AIRLINE ACQ/MERGERS	OST-P	08-01-91	
C-22	SACRAMENTO CA AIRSPACE MGMNT STUDY	FAA	10-01-91E	
C-45 **	TRANS DATA COLLECTION RQMNTS	RSPA	SEE COMMENT	No due date specified
FY 1989 APPROPRIATIONS - SENATE REPORT 101-41 (DIRE EMERG. SUPPLEMENTAL H.R. 2702) May 31, 1989.				
S-33	OIL SPILL CONTINGENCY PLANS	USCG	SEE COMMENT	No due date specified.
FY 1989 APPROPRIATIONS - HOUSE REPORT 100-957 (CONFERENCE)				
C- 9	TARIFF FILING SYSTEM PROGRESS	OST/P&M	QUARTERLY	

REPORT PAGE NO.	DESCRIPTION	PRIMARY/ COORD. ADMIN.	DUE ON HILL	COMMENTS
C-17	MLS DESIGN COMPETITION	FAA	SEE COMMENT	Prior to proceeding with production phase
C-19	COMMERCIAL DRIVERS LICENSE RQMTS	FHWA	SEE COMMENT	2 contracts 03-15-89 in accord with rpt; work began 04-15-89
(GP 330b)	BIRMINGHAM BELTWAY FEAS STUDY	FHWA	12-22-91E	
FY 1988 APPROPRIATIONS - SENATE REPORT 100-198 (H.R. 2890)				
S-39	DEVELOPMENT OF STAFFING STDS.	FAA	QUARTERLY	
FY 1988 CONTINUING RESOLUTION - HOUSE REPORT 100-498				
C-446/1177	EMPLOYEE DETAILS	OST/M	ANNUAL	
C-1148	65 MPH 20 STATE DEMO - 1991 REPORT	NHTSA	12-31-91	
FY 1987 APPROPRIATIONS - HOUSE REPORT 99-976 (CONFERENCE REPORT H.R.5205)				
C-27	SETTLEMENT PHILADELPHIA CLAIMS	UMTA		Claims settled; FFA grant agreement will be closed out in FY 92
FY 1987 SUPPLEMENTAL - SENATE REPORT 100-48 (H.R. 1827)				
SS-118a	AIR TRAFFIC ACTIVITY & DELAYS	FAA	MONTHLY	
SS-118b	AIRSPACE INCIDENTS	FAA	MONTHLY	

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PERSONNEL INCREASE

SENATOR LAUTENBERG: Total personnel compensation increases by 19.3 percent. Why do personnel costs grow over twice as fast as the number of personnel?

ANSWER: Our request for total personnel compensation for Salaries & Expenses increases 19.3 percent from $34,511,000 to $41,184,000. The increase is not related proportionately to the proposed staff increase because of the additional costs for existing personnel related to within grades and merit pay increases and pay raises. The request assures full funding of these personnel costs which is needed to meet proposed staffing levels.

The budget includes $2.9 million to support staffing increases of 63 FTE. This amount is based on the average salary of the respective offices and varies from office to office. The budget includes $1.4 million to annualize the January 1991 pay raise and the January 1991 Executive pay raise, and $1.04 million to support the full cost of a 4.2 percent January 1992 pay raise. The remaining $1.4 million funds within grade increases, merit pay increases, and increases associated with pay reform.

SENATOR LAUTENBERG: Update the compensation and benefits chart found on pages 748 through 750 of Senate Hearing 101-865, part 2.

ANSWER: An updated compensation and benefits chart follows:

DEPARTMENT OF TRANSPORTATION
CIVILIAN PERSONNEL COMPENSATION AND BENEFITS
(DOLLARS IN THOUSANDS)

	PERSONNEL COMPENSATION			PERSONNEL BENEFITS			BENEFITS/PERS.COMP.		
ADMINISTRATION/ACCOUNT	FY 1990	FY 1991	FY 1992	FY 1990	FY 1991	FY 1992	FY 1990	FY 1991	FY 1992
FEDERAL HIGHWAY ADMINISTRATION									
Motor Carrier Safety	16,175	20,259	22,968	3,841	5,428	6,229	23.7%	26.8%	27.1%
Federal-aid Highways	138,268	146,078	159,666	26,975	27,801	28,384	19.5%	19.0%	17.8%
Miscellaneous Trust Funds	617	401	418	107	72	75	17.3%	18.0%	17.9%
Subtotal	155,060	166,738	183,052	30,923	33,301	34,688	19.9%	20.0%	18.9%
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION									
Operations and Research	28,515	32,146	34,036	4,514	4,992	5,286	15.8%	15.5%	15.5%
Highway Traffic Safety Grants	3,720	3,829	3,999	566	582	608	15.2%	15.2%	15.2%
Subtotal	32,235	35,975	38,035	5,080	5,574	5,894	15.8%	15.5%	15.5%
FEDERAL RAILROAD ADMINISTRATION									
Office of the Administrator	8,161	9,150	9,752	1,272	2,135	2,402	15.6%	23.3%	24.6%
Railroad Safety	17,475	19,407	21,724	3,750	4,948	5,906	21.5%	25.5%	27.2%
Railroad Research and Development	790	956	1,151	113	122	196	14.3%	12.8%	17.0%
Subtotal	26,426	29,513	32,627	5,135	7,205	8,504	19.4%	24.4%	26.1%
URBAN MASS TRANSPORTATION ADMINISTRATION									
Administrative Expenses	19,368	21,737	23,901	2,741	3,330	3,672	14.2%	15.3%	15.4%

ADMINISTRATION/ACCOUNT	PERSONNEL COMPENSATION FY 1990	PERSONNEL COMPENSATION FY 1991	PERSONNEL COMPENSATION FY 1992	PERSONNEL BENEFITS FY 1990	PERSONNEL BENEFITS FY 1991	PERSONNEL BENEFITS FY 1992	BENEFITS/PERS.COMP. FY 1990	BENEFITS/PERS.COMP. FY 1991	BENEFITS/PERS.COMP. FY 1992
FEDERAL AVIATION ADMINISTRATION									
Operations	1,990,095	2,165,278	2,324,947	534,221	571,265	617,268	26.8%	26.4%	26.5%
Aviation Insurance Revolving Fund	95	100	100	14	15	16	14.7%	15.0%	16.0%
Facilities and Equipment	51,431	57,759	76,176	13,536	12,868	29,925	26.3%	22.3%	39.3%
Research, Engineering, and Development	30,427	31,674	36,213	5,440	5,660	5,879	17.9%	17.9%	16.2%
Subtotal	2,072,048	2,254,811	2,437,436	553,211	589,808	653,088	26.7%	26.2%	26.8%
UNITED STATES COAST GUARD									
Operating Expenses	148,826	160,012	172,519	29,664	31,894	34,566	19.9%	19.9%	20.0%
Aquisition, Construction, and Improvements	7,756	8,667	11,204	1,375	1,520	1,701	17.7%	17.5%	15.2%
Environmental Compliance and Restoration	---	2,440	2,871	---	635	796	---	---	27.7%
Reserve Training	1,810	1,910	2,010	362	370	390	20.0%	19.4%	19.4%
Research, Development, Test and Evaluation	2,585	3,195	3,330	387	479	500	15.0%	15.0%	15.0%
Coast Guard Yard Fund	17,606	17,280	18,005	3,675	3,731	3,516	20.9%	21.6%	19.5%
Subtotal	178,583	193,504	209,939	35,463	38,629	41,469	19.9%	20.0%	19.8%
ST LAWRENCE SEAWAY DEVELOPMENT CORPORATION	5,024	5,566	5,913	1,372	1,534	1,739	27.3%	27.6%	29.4%
OFFICE OF THE INSPECTOR GENERAL									
Salaries and Expenses	19,104	20,036	22,044	3,392	3,566	3,946	17.8%	17.8%	17.9%
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION									
Research and Special Programs	7,325	8,752	10,096	1,261	1,481	2,230	17.2%	16.9%	22.1%
Working Capital Fund	24,802	27,351	28,476	4,297	4,976	5,439	17.3%	18.2%	19.1%
Pipeline Safety	2,458	2,714	2,852	467	599	629	19.0%	22.1%	22.1%
Subtotal	34,585	38,817	41,424	6,025	7,056	8,298	17.4%	18.2%	20.0%

ADMINISTRATION/ACCOUNT	PERSONNEL COMPENSATION FY 1990	PERSONNEL COMPENSATION FY 1991	PERSONNEL COMPENSATION FY 1992	PERSONNEL BENEFITS FY 1990	PERSONNEL BENEFITS FY 1991	PERSONNEL BENEFITS FY 1992	BENEFITS/PERS.COMP. FY 1990	BENEFITS/PERS.COMP. FY 1991	BENEFITS/PERS.COMP. FY 1992
OFFICE OF THE SECRETARY									
Salaries and Expenses	31,296	33,653	40,250	4,590	4,943	5,777	14.7%	14.7%	14.4%
Operations and Research, OCST	---	1,080	1,278	---	184	202	---	17.0%	15.8%
Activities Transferred from Salaries and Expenses, Interstate Commerce Commission	---	---	10,651	---	---	1,611	---	---	15.1%
Transportation, Planning, Research and Development	2,107	1,497	1,625	277	202	282	13.1%	13.5%	17.4%
Commission on Aviation Security and Terrorism	151	---	---	14	---	---	9.3%	---	---
Working Capital Fund	11,211	11,732	13,399	1,744	1,675	1,957	15.6%	14.3%	14.6%
Subtotal	44,765	47,962	67,203	6,625	7,004	9,829	14.8%	14.6%	14.6%
TOTAL	2,587,198	2,814,659	3,061,574	649,967	697,007	771,127	25.1%	24.8%	25.2%

Note: Excludes reimbursable personnel costs; excludes Maritime Administration.

MILITARY PERSONNEL COMPENSATION AND BENEFITS
(DOLLARS IN THOUSANDS)

ADMINISTRATION/ACCOUNT	PERSONNEL COMPENSATION FY 1990	PERSONNEL COMPENSATION FY 1991	PERSONNEL COMPENSATION FY 1992	PERSONNEL BENEFITS FY 1990	PERSONNEL BENEFITS FY 1991	PERSONNEL BENEFITS FY 1992	BENEFITS/PERS.COMP. FY 1990	BENEFITS/PERS.COMP. FY 1991	BENEFITS/PERS.COMP. FY 1992
UNITED STATES COAST GUARD									
Operating Expenses	862,299	916,477	965,696	80,184	85,222	95,508	9.3%	9.3%	9.9%
Aquisition, Construction and Improvements	10,618	12,726	20,024	929	1,146	1,324	8.7%	9.0%	6.6%
Environmental Compliance and Restoration	---	---	216	---	---	97	---	---	44.9%
Reserve Training	51,077	52,390	54,610	4,582	4,700	4,900	9.0%	9.0%	9.0%
Research, Development, Test and Evaluation	1,832	2,376	2,473	159	213	222	8.7%	9.0%	9.0%
Coast Guard Yard Fund	602	696	724	34	47	50	5.6%	6.8%	6.9%
Subtotal	926,428	984,665	1,043,743	85,888	91,328	102,101	9.3%	9.3%	9.8%

Note: Excludes reimbursable personnel costs.

SENATOR LAUTENBERG: Update the staffing breakdown for fiscal years 1990, 1991, and 1992 as found on pages 753 through 756 of Senate Hearing 101-865, part 2.

ANSWER: An updated staffing chart follows:

DEPARTMENT OF TRANSPORTATION
AUTHORIZED POSITIONS FY 1990 - 1992

	FY 1990		FY 1991		FY 1992
ADMINISTRATION/APPROPRIATION	Request	Approved	Request	Approved	Request
FEDERAL HIGHWAY ADMINISTRATION					
Motor Carrier Safety	633	633	633	633	676
Limitation on Gen. Oper. Expenses	2,621	2,621	2,621	2,621	2,709
Federal-Aid Highways	239	239	239	239	249
Allocations/Reimbursements	189	189	189	189	189
Miscellaneous Trust Funds	15	15	15	15	15
Subtotal, FHWA	3,697	3,697	3,697	3,697	3,838
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION					
Operations and Research	656	656	665	665	674
FEDERAL RAILROAD ADMINISTRATION					
Office of the Administrator	196	196	192	195	200
Reimbursements	--	--	3	3	4
Railroad Safety	486	486	498	498	565
Railroad Research & Development	15	15	16	16	22
Subtotal, FRA	697	697	709	712	791
URBAN MASS TRANSPORTATION ADMINISTRATION					
Administrative Expenses	400	400	410	439	472
FEDERAL AVIATION ADMINISTRATION					
Operations	50,414	50,196	51,162	51,162	52,385
Reimbursements	500	500	500	494	490
Facilities and Equipment	1,368	1,368	1,743	1,743	2,143
Reimbursements	53	53	55	55	55
Research, Eng. & Development	645	645	668	668	706
Reimbursements	6	6	6	6	6
Aviation Insurance Revolving Fund	2	2	2	2	2
Subtotal, FAA	52,988	52,770	54,136	54,130	55,787
U S COAST GUARD					
Operating Expenses	4,632	4,632	4,777	4,820	5,227
Reimbursements	29	17	17	17	17
Military	37,048	37,129	37,548	37,747	38,285
Reimbursements	115	147	163	163	131
Acquisition. Const., & Improvements	230	230	238	250	272
Military	387	387	403	367	463
Reserve Training	113	113	113	113	113
Military	598	598	598	598	598
Research, Development, Test, & Eval.	71	71	78	86	96
Military	42	42	48	50	54
CG Yard Fund	654	654	654	654	654
Military	24	24	24	24	24

ADMINISTRATION/APPROPRIATION	FY 1990		FY 1991		FY 1992
	Request	Approved	Request	Approved	Request
U S COAST GUARD (cont.)					
Environmental Comp. & Restoration	--	--	--	37	49
Military	--	--	--	2	4
Subtotal, USCG	43,943	44,044	44,661	44,928	45,987
Civilian	5,729	5,717	5,877	5,977	6,428
Military	38,214	38,327	38,784	38,951	39,559
ST LAWRENCE SEAWAY DEVELOPMENT CORPORATION					
St Lawrence Seaway Development Corp.	179	179	179	179	179
OFFICE OF THE INSPECTOR GENERAL					
Salaries and Expenses	470	470	470	470	494
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION					
Research and Special Programs	162	163	171	168	211
Pipeline Safety	51	51	60	66	66
Transportation Systems Center	518	518	515	515	515
Subtotal, RSPA	731	732	746	749	792
OFFICE OF THE SECRETARY					
Salaries and Expenses	662	682	653	686	749
Reimbursements	14	21	22	28	20
Transportation Planning, Res. & Dev.	33	33	23	24	23
Office of Commercial Space Trans. -Operations and Research	*	*	25	24	28
Working Capital Fund	311	311	319	304	333
Subtotal, OST	1,020	1,047	1,042	1,066	1,153
TOTAL, Department of Transportation (Excluding Maritime Administration) and ICC Transfer)	104,781	104,692	106,715	107,035	110,167
Civilian	66,567	66,365	67,931	68.084	70,608
Military	38,214	38,327	38,784	38,951	39,559

* Included under Salaries & Expenses and TPR&D in FY 1990.

FULL TIME EQUIVALENT FY 1990 - 1992

ADMINISTRATION/APPROPRIATION	FY 1990		FY 1991		FY 1992
	Request	Approved	Request	Approved	Request
FEDERAL HIGHWAY ADMINISTRATION					
Motor Carrier Safety	543	510	602	602	641
Limitation on Gen. Oper. Expenses	2,675	2,675	2,675	2,675	2,719
Federal-Aid Highways	481	501	501	503	508
Miscellaneous Trust Funds	16	16	16	14	14
Subtotal, FHWA	3,715	3.702	3,794	3,794	3,882
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION					
Operations and Research	659	659	666	666	675

ADMINISTRATION/APPROPRIATION	FY 1990		FY 1991		FY 1992
	Request	Approved	Request	Approved	Request
FEDERAL RAILROAD ADMINISTRATION					
Office of the Administrator	182	182	185	188	192
Railroad Safety	433	427	474	474	517
Railroad Research & Development	15	15	16	16	19
Subtotal, FRA	630	624	675	678	728
URBAN MASS TRANSPORTATION ADMINISTRATION					
Administrative Expenses	415	415	425	429	460
FEDERAL AVIATION ADMINISTRATION					
Operations	47,521	49,025	50,493	50,489	51,993
Facilities and Equipment	1,379	1,379	1,569	1,569	1,956
Research, Eng. & Development	646	679	704	704	734
Aviation Insurance Revolving Fund	2	2	2	2	2
Subtotal, FAA	49,548	51,085	52,768	52,764	54,685
U S COAST GUARD					
Operating Expenses	4,554	4,543	4,657	4,677	5,096
Military	37,147	37,260	37,355	37,476	38,198
Acquisition. Const., & Improvements	227	227	231	238	257
Military	359	359	395	348	419
Reserve Training	106	106	106	107	107
Military	599	599	599	598	598
Research, Development, Test, & Eval.	70	70	76	82	93
Military	42	42	48	49	53
CG Yard Fund	632	632	632	632	632
Military	24	24	24	24	24
Environmental Comp. & Restoration	--	--	--	37	42
Military	--	--	--	2	3
Subtotal, USCG	43,760	43,862	44,123	44,270	45,522
Civilian	5,589	5,578	5,702	5,773	6,227
Military	38,171	38,284	38,421	38,497	39,295
ST LAWRENCE SEAWAY DEVELOPMENT CORPORATION					
St Lawrence Seaway Development Corp.	179	179	179	179	179
OFFICE OF THE INSPECTOR GENERAL					
Salaries and Expenses	462	462	462	462	480
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION					
Research and Special Programs	157	158	164	162	207
Pipeline Safety	50	50	55	58	66
Transportation Systems Center	510	510	504	504	579
Subtotal, RSPA	717	718	723	724	852
OFFICE OF THE SECRETARY					
Salaries and Expenses	667	672	651	686	738
Transportation Planning, Res. & Dev.	32	32	22	23	22
Office of Commercial Space Trans. -Operations and Research	*	*	24	23	25
Working Capital Fund	317	317	325	310	340
Subtotal, OST	1,016	1,021	1,022	1,042	1,125

ADMINISTRATION/APPROPRIATION	FY 1990 Request	FY 1990 Approved	FY 1991 Request	FY 1991 Approved	FY 1992 Request
TOTAL, Department of Transportation (Excluding Maritime Administration and ICC Transfer)	101,101	102,727	104,837	105,008	108,588
Civilian	62,930	64,443	66,416	66,511	69,293
Military	38,171	38,284	38,421	38,497	39,295

* Included under Salaries & Expenses and TPR&D in FY 1990.

Note: Includes reimbursable full time equivalents.

SYSTEMS DEVELOPMENT

SENATOR LAUTENBERG: Break down the requested increase for systems development administration — from $26.7 million to 1991 to $45.4 million in 1992.

ANSWER: Our request for the Assistant Secretary for Administration is $45.4 million. This includes two components: $33.7 million requested for Annual Continuing Operations and $11.7 million for Systems Development. The increase for Systems Development — from $5 million in fiscal year 1991 to $11.7 million in fiscal year 1992 is as follows:

DAFIS Development: $3.7 million is requested in FY 1992. This is $2.3 million below the FY 1991 level. Only two Administrations remain to be implemented on DAFIS. At the end of 1992, DAFIS will be fully implemented in the Department with the exception of the Volpe National Transportation Systems Center (VNTSC) and the St. Lawrence Seaway Development Corporation (SLSDC). SLSDC is a quasi-government organization and will not be converted to DAFIS. VNTSC was not considered in the original scope of the project; however, it has recently been determined that VNTSC will be implemented on DAFIS in mid-1993, subject to availability of funds.

IPPS Development: Requested funding of $7.6 million in FY 1992 is for development and implementation of an Integrated Personnel/Payroll System. The current payroll and personnel systems were reported as a material weakness under the Federal Managers' Financial Integrity Act. Both systems are at the end of their normal life cycle and are based on old technology. Our request includes funding for the complete project in FY 1992, rather than fund the project incrementally over several years.

UPMS Development: Requested funding of $.4 million in FY 1992 to define a development and design approach and to create the necessary project management and implementation plans for a Uniform Procurement Management System. This system is needed to standardize DOT procurement processes; provide meaningful and accurate programmatic information to managers; and eliminate a number of non standard systems. UPMS is also a major component of the department's efforts to correct an OMB-identified management control vulnerability.

Continuing programs are proposed to increase from $21.7 million in FY 1991 to $33.7 million in FY 1992. The increase is primarily attributable to inclusion of $6.4 million under this heading for space rent (centrally funded in FY 1991), $3 million for training and ADP initiatives identified as significant factors needed to strengthen the OST workforce, and $1.5 million for personnel costs including pay raises and eight new FTE.

STAFFING LEVELS

SENATOR LAUTENBERG: Why does it cost $804,000 to add two new positions to the General Counsel's office?

ANSWER: Our request for the General Counsel includes $131,000 for 3 positions/2 FTEs. This is based on the average personnel costs covers mandatory increases for 100 FTEs (authorized for FY 1991). This includes funding to annualize the January 1991 pay raise and the executive pay raise, full funding of the January 1992 pay raise proposed at 4.2 percent, as well as the normal within-grade and merit pay increases.

SENATOR LAUTENBERG: How are you able to reduce by 3 the number of personnel in the Office of Essential Air Service when the subsidy part of this program is growing by $12 million.

ANSWER: We began an automation study last fiscal year and are currently installing the equipment. We believe that the EAS program will benefit from the productivity gains of automation and that will enable us to shift 3 FTE.

SENATOR LAUTENBERG: You are transferring 13 personnel associated with the electronic traffic system out of the Policy and International Affairs Office. Yet, the number of personnel remains the same, at 156 permanent positions. Please explain. Does this mean you are hiring an additional 13 personnel? If so, for what functions? Please detail.

ANSWER: No, we do not intend to hire 13 additional personnel. No additional positions are requested for the Office of Policy and International Affairs in FY 1992. However, our request does reflect a change in resource application. This transfer is offset by providing direct funding for the Office of Planning and Intermodal Policy (7 FTE) which has been funded on a reimbursable basis from the various administrations in the department for the past several years. In addition, we are shifting 3 FTE from the Office of Essential Air Service to the Office of Policy to more correctly identify the support these individuals provide in the non-EAS areas and finally (3 FTE) will be used in the areas of global warming, environmental impact and fuel efficiency.

RECEPTION AND REPRESENTATION FUNDS

SENATOR LAUTENBERG: How much of the $40,000 in reception and representation funds will you expend in 1991?

ANSWER: Based on our FY 1990 experience and FY 1991 experience to date we expect to expend the entire $40,000 in reception and representation funds. In FY 1990, total obligations were $39,736, or 99.3% of the $40,000 available for reception and representation.

COMPUTER VIRUSES

SENATOR LAUTENBERG: You are requesting $725,000 for computer security. What computer virus problems have you had?

ANSWER: Since January of 1990 we have had numerous virus incidents within DOT. Operating Administrations which have had problems with computer "infections" include Office of the Secretary of Transportation, U.S. Coast Guard, Federal Aviation Administration, Federal Highway Administration, and the Research and Special Programs Administration.

Both the MS-DOS and Macintosh environments have been infected, with the majority being MS-DOS. The Macintosh viruses include Vir (multiple strains) and WDEF (multiple strains). MS-DOS viruses include: Cascade, Disk Killer, Friday the 13th (various strains), Icelandic, Isreali, Jerusalem B (various strains), Joshi, Marijuana, Sunday Virus, DataCrime, Dark Avenger, Stoned (various strains), and Yankee Doodle (various strains).

We have had approximately 40 incidents reported. An incident does not reflect the number of microcomputers involved in the infection nor does it count re-infection at the site. The majority of the incidents have been of the nuisance variety but we have had several serious problems, the most notable involved Disk Killer Stoned, and WDEF. The only infections which resulted in lost data were the Disk Killer and an occurrence of Stoned. To date, infections have only struck administrative systems.

While the cost of lost data has not been great, and the data has been relatively easy to recover, the loss of personnel resource time given to the eradication process of infected systems carries a significant cost. The assessment of the DOT Information Systems Security Officer and DOT Computer Security Officer is that DOT has been relatively fortunate in that no mission critical systems involving safety, drug interdiction, and grants management have been infected,. yet. It would be imprudent to venture that we are secure enough that those systems will never succumb to computer virus incidents.

The requested $725,000 is not exclusively dedicated to combating computer viruses. The budget addresses the areas of risk analyses/management, contingency planning, encryption of information requiring confidentiality, certification of sensitive systems, and DOT-wide acquisition of vital software licenses.

SECRETARIAL RETREAT

SENATOR LAUTENBERG: Where is the secretarial retreat headed and who is going?

ANSWER: The Department held a retreat on March 8 and 9 in Annapolis, Maryland. The Secretary and Deputy Secretary, Administrators, Assistant Secretaries, the Inspector General, acting General Counsel and the Secretary's special assistants were present. The afternoon session on March 8 addressed vision, values and team building. The March 9 session was a planning session, addressing intermodal and DOT management issues, in preparation for the development of the FY 1993 budget.

TRAVEL COSTS

SENATOR LAUTENBERG: Why would the Immediate Office of the Secretary and Deputy Secretary's travel costs almost triple from one year to the next?

ANSWER: The FY 1992 request for the Secretary's travel of $160,000 is an increase of 196% over the FY 1991 enacted of $54,000. This request is essentially the same level as our FY 1991 request ($161,000). However, the FY 1991 enacted level is 60% below the FY 1990 actual level of $134,000. We will likely require reallocation in FY 1991 — as was done in FY 1990 — to cover travel costs.

The request for the Deputy Secretary's travel of $60,000 is a 161% increase over FY 1991 enacted, but a 30% increase over FY 1990 actual. However, the FY 1991 enacted level is 50% below requirements and will likely be addressed in our end-of-year transfer plan.

The ability to travel, to visit DOT field operations and meet with other transportation officials is important to the overall effectiveness of the Secretary and the Deputy Secretary.

SES BONUS AWARDS

SENATOR LAUTENBERG: Update the Senior Executive Service bonus awards chart for fiscal years 1989, 1990, and 1991 found on page 757 of Senate Hearing 101-865, part 2.

ANSWER: The Senior Executive Service bonus awards chart for fiscal years 1989, 1990, and 1991 follows:

APPOINTEES

SENATOR LAUTENBERG: Update the Presidential, noncareer, and schedule C list found on page 759 of Senate Hearing 101-865, part 2.

ANSWER: The updated list follows:

SENIOR EXECUTIVE BONUS RECIPIENTS
FISCAL YEARS 1989-1991

OFFICE OF THE SECRETARY

Award Recipient	1989	1990	1991
Melissa Allen Deputy Assistant Secretary for Administration	13,150	4,550	14,340
Joseph Canny Deputy Assistant Secretary for Policy and Int'l. Affairs	4,680	6,650	4,640
John Coleman Director, Cffice of Aviation Analysis	9,225	4,550	4,640

OFFICE OF THE SECRETARY (cont'd)

Award Recipient	1989	1990	1991
Katherine E. Collins Director of Budget		13,300	10,060
James Craun Deputy Director, Office of Aviation Analysis			6,820
Neil Eisner Assistant General Counsel for Regulation and Enforcement	8,975	4,410	
William FitzGerald Deputy Assistant Secretary for Budget and Programs (Retired)	13,150		
Paul Gretch Director, Office of International Aviation	3,900	4,410	
Thomas Herlihy Assistant General Counsel for Legislation	3,900	4,410	13,940
Donald Horn Assistant General Counsel for International Law		4,410	6,820
William Hudson Departmental Director of Civil Rights	6,275	6,860	10,340
Shelton Jackson Deputy Director, Office of Economics			4,520
Ronald Keefer Director, Office of Administrative Services and Property Management	3,900		
Rosalind Knapp Deputy General Counsel	15,100		4,640
Arnold Levine Director, Office of International Transportation and Trade		4,410	6,820
Marilyn S. Marton Director, Office of Acquisition and Grant Management (Has left the Department)	3,825	4,410	

OFFICE OF THE SECRETARY (cont'd)

Award Recipient	1989	1990	1991
Robert Marx Director, Office of Public Information			4,520
George McDonald Director, Office of Programs and Evaluation	8,425	9,520	10,060
Carolina Mederos Deputy Assistant Secretary for Safety (Has left the Department)	8,325		
Patrick Murphy Deputy Assistant Secretary for Policy and Program Development	13,150	4,550	
Patricia Parrish Deputy Director of Personnel			4,260
Angelo Picillo Deputy Director, Office of Administrative Services and Property Management	3,900		4,520
Samuel Podberesky Assistant General Counsel for Aviation Enforcement and Proceedings	8,975	4,410	
Jon Seymour Assistant Secretary for Administration	13,500	16,140	14,720
Joyce Shelton Director, Office of Financial Management	3,900		
Glenda Tate Director, Office of Management Planning	3,825	6,650	6,820
E. Kimmel Taylor Director, Office of DAFIS Development and Implementation		4,410	
Donald Trilling Deputy Director, Office of Transportation Regulatory Affairs	3,900	6,650	4,520

OFFICE OF THE SECRETARY (cont'd)

Robert J. Woods Director, Office of Information Resource Management (Has left the Department)	4,410	
Diana Zeidel Director of Personnel	15,280	10,060

FUNDING FOR SENIOR EXECUTIVE SERVICE BONUSES

FISCAL YEAR 1992

OFFICE OF THE SECRETARY

- $187,000 (estimate)

PRESIDENTIAL (PAS), NONCAREER SENIOR EXECUTIVE SERVICE (NC), AND SCHEDULE C (C) APPOINTEES FY 1991

(all located in Washington, D.C. unless otherwise indicated)

As of March 14, 1991

OFFICE OF THE SECRETARY

TITLE	SALARY
Secretary of Transportation	$138,900
Deputy Secretary of Transportation	$125,100
Chief of Staff	$108,300
Special Assistant for Aviation Policy	$108,300
Special Assistant and Director for Drug Enforcement and Program Compliance	$108,300
Special Assistant to the Secretary	$108,300
Special Assistant for Strategic Planning	$ 95,300
Special Assistant for Personnel and Organization Management	$ 87,000
Special Assistant to the Secretary for Special Projects	$ 87,000
Special Assistant to the Secretary for Scheduling and Director of Advance Operations and Travel Coordination	$ 61,643
Staff Assistant	$ 54,153
Special Assistant (to the Director for Drug Enforcement and Program Compliance)	$ 45,826
Staff Assistant	$ 50,260
Staff Assistant to the Secretary	$ 37,294
Staff Assistant	$ 38,537
Staff Assistant	$ 31,116
Staff Assistant	$ 32,153
Staff Assistant to the Secretary	$ 28,322
Staff Assistant	$ 28,322
Staff Assistant	$ 21,023
Staff Assistant	$ 21,023
Director, Executive Secretariat	$100,500

OFFICE OF THE SECRETARY (continued)

TITLE	SALARY
Deputy Executive Secretary for Policy	$ 63,698
Staff Assistant to the Executive Secretary	$ 25,717
Director, Small & Disadvantaged Business utilization	$ 91,200
Special Assistant for Minority Affairs	$ 47,304
Director, Office of Commercial Space Transportation	$100,500
Associate General Counsel	$104,600
Staff Assistant	$ 44,348
Assistant Secretary for Policy and International Affairs	$108,300
Special Assistant	$ 38,537
Special Assistant	$ 38,537
Staff Assistant	$ 25,717
Assistant Secretary for Budget and Programs	$108,300
Special Assistant	$ 52,406
Assistant Secretary for Governmental Affairs	$108,300
Deputy Assistant Secretary for Governmental Affairs	$100,500
Director, Office of Congressional Affairs	$ 91,200
Deputy Director of Congressional Affairs	$ 52,407
Congressional Liaison Officer	$ 47,304
Congressional Liaison Officer	$ 44,348
Congressional Liaison Officer	$ 37,294
Director, Office of Intergovernmental and Industry Affairs	$ 63,698
Deputy Director (Intergovernmental)	$ 65,753
Deputy Director for Industry Affairs	$ 55,900
Staff Assistant	$ 45,826
Assistant Secretary for Public Affairs	$108,300
Director, Office of Speechwriting and Research	$ 63,698
Special Assistant	$ 41,023
Staff Assistant	$ 38,537
Special Assistant	$ 37,294
Special Assistant	$ 31,116
Inspector General	$108,300

FEDERAL AVIATION ADMINISTRATION

TITLE	SALARY
Administrator	$125,100
Deputy Administrator	$108,300
Chief Counsel	$104,600
Assistant Administrator for Policy, Planning, and International Aviation	$104,600
Assistant Administrator for Airports	$104,600
Assistant Admiistrator for Government and Industry Affairs	$ 95,300
Assistant Administrator for Public Affairs	$ 95,300
Special Assistant	$ 65,753
Staff Assistant (to the Administrator)	$ 38,537
Special Assistant for Government and Industry Affairs	$ 65,753
Congressional Liaison Officer	$ 54,153
Staff Assistant	$ 39,780
Staff Assistant	$ 33,190
Staff Assistant	$ 31,116
Staff Assistant	$ 25,717

FEDERAL HIGHWAY ADMINISTRATION

TITLE	SALARY
Administrator	$125,100
Deputy Administrator	$108,300
Chief Counsel	$100,500
Associate Administrator for Policy	$104,600
Associate Administrator for Motor Carriers	$104,600
Director of External Communications	$104,600
Special Assistant to the Administrator	$ 68,836
Special Assistant to the Director	$ 50,999
Special Assistant to the Administrator	$ 44,348
Staff Assistant	$ 31,116
Staff Assistant	$ 26,574

FEDERAL RAILROAD ADMINISTRATION

TITLE	SALARY
Administrator	$115,300
Deputy Administrator	$104,600
Associate Administrator for Policy	$ 95,300
Chief of Staff	$ 91,200
Special Assistant	$ 87,000
Public Affairs Officer	$ 55,809
Staff Assistant	$ 25,717

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

TITLE	SALARY
Administrator	$115,300
Chief Counsel	$100,500
Director for Intergovernmental Affairs	$ 72,947
Director, Office of Public and Consumer Affairs	$ 63,698
Special Assistant	$ 51,740
Chief, Consumer Affairs Division	$ 45,826
Special Assistant	$ 45,826
Special Assistant	$ 45,826

URBAN MASS TRANSPORTATION ADMINISTRATION

TITLE	SALARY
Administrator	$115,300
Deputy Administrator	$104,600
Chief Counsel	$104,600
Area Director, Eastern Area (New York)	$ 95,300
Director of Communications and External Affairs	$ 87,000
Director of Public Affairs	$ 52,406
Staff Assistant	$ 31,116

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

TITLE	SALARY
Special Assistant to the Administrator	$ 54,152
Staff Assistant	$ 37,294

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

TITLE	**SALARY**
Administrator	$108,300
Deputy Administrator	$100,500
Associate Administrator for Research, Technology, and Analysis	$ 87,000

MARITIME ADMINISTRATION

TITLE	**SALARY**
Administrator	$115,300
Deputy Administrator	$100,500
Deputy Administrator (Inland Waterways & Great Lakes)	$100,500
Chief Counsel	$104,600
Director of External Affairs	$ 87,000
Staff Assistant to the Administrator	$ 31,116

ADVISORY COMMITTEES

SENATOR LAUTENBERG: Update the funding charts and accompanying description on advisory committees for fiscal years 1990, 1991, and 1992 as found on page 775, Senate Hearing 101-865, part 2.

ANSWER: The information follows:

DEPARTMENT OF TRANSPORTATION
Advisory Committees
(in dollars)

	Admin.		COMMITTEE NAME	1990 Actual	1991 Estimate	1992 Estimate
(1)	FHWA		National Motor Carrier	0	40,000	40,000
(2)			Intelligent Vehicle/Highway System (IVHS)	13,924	1,000,000	275,000
			Subtotal	13,924	1,040,000	315,000
(3)	NHTSA		Motor Vehicle Safety Research	500	500	500
(4)		*	National Driver Register	10,800	21,000	21,000
			Subtotal	11,300	21,500	21,500
(5)	UMTA		Americans with Disabilities	---	25,000	---
(6)	CG		Chemical Transportation	2,382	2,500	2,500
(7)		*	Coast Guard Academy	1,715	8,000	8,000
(8)			Hou. Galveston Nav. Sfty.	1,500	850	850
(9)			Lower Miss. Waterway Sfty.	1,652	2,500	2,500
(10)		*	National Boating Safety	26,000	24,900	24,900
(11)			National Offshore Safety	648	700	700
(12)			NY Harbor Traffic Mgmt.	2,108	2,400	2,400
(13)		*	Navigation Safety	39,750	30,000	30,000
(14)		*	Towing Safety	3,800	1,000	1,000
(15)		*	Comm. Fishing Industry	24,900	20,900	20,900
			Subtotal	104,455	93,750	93,750

	Admin.		COMMITTEE NAME	1990 Actual	1991 Estimate	1992 Estimate
(16)	FAA		Air Traffic Procedures	367	400	5,000
(17)			Radio Tech. Comm./Aeronautics	72,000	72,000	120,000
(18)			National Aviation Security	2,462	2,600	2,600
(19)			Pilot Shortage	120,000	40,000	150,000
(20)			Air Transportation Personnel & Training Quality	0	2,500	2,500
(21)			System Capacity	0	200	200
(22)			Rulemaking	0	6,500	6,500
			Subtotal	194,829	124,200	286,800
(23)	RSPA	*	Technical Hazardous Liquid Pipeline Safety	9,176	18,500	15,500
(24)		*	Tech. Pipeline Safety Stds.	7,674	15,500	15,500
			Subtotal	16,850	34,000	31,000
(25)	OST		Comm. Space Transportation	3,977	2,600	4,200
(26)			Electronic Tariff	0	150	150
(27)		*	Minority Business Res. Ctr.	0	6,150	6,150
(28)			Aviation Security and Terrorism	990,508	0	0
			Subtotal	994,485	8,900	10,500
			Contingency for Additional Requirements	---	2,650	41,450
			GRAND TOTAL	1,335,843	1,350,000	800,000

* Required by statute.

Description of Advisory Committee Purposes

	Admin.	Committee Name	Committee Description
(1)	FHWA	National Motor Carrier	To make recommendations to the Highway Administrator on matters which directly affect commercial motor vehicles.
(2)		Intelligent Vehicle/Highway System (IVHS)	To advise the Department on IVHS plans, programs and research.
(3)	NHTSA	Motor Vehicle Safety Research	To provide advice on matters relating to motor vehicle safety research.
(4)		National Driver Register	To review maintenance, operations, and responsiveness of N.D.R.
(5)	UMTA	Americans with Disabilities	To aid UMTA in developing new regulations mandated by the Americans with Disabilities Act.
(6)	USCG	Chemical Transportation	To advise the Office of Marine Safety concerning water transportation of bulk hazardous materials.
(7)		Coast Guard Academy	To advise and make recommendations to the Commandant on Academy curriculum and faculty matters.

	Admin.	Committee Name	Committee Description
(8)	USCG (cont.)	Hou. Galveston Nav. Safety	To provide local expert advice on navigation safety and operation of VTS in the Houston/Galveston area.
(9)		Lower Miss. Waterway Safety	To provide local expert advice on navigation safety on the Lower Mississippi River.
(10)		National Boating Safety	To advise the Commandant on recreational boating safety policy.
(11)		National Offshore Safety	To advise the Commandant on activities involving or supporting the exploration of offshore mineral and energy resources.
(12)		NY Harbor Traffic Mgmt.	To provide local expert advice on navigation safety in New York Harbor.
(13)		Navigation Safety	To advise the Secretary on matters of navigation safety including Inland and International Rules of the Road.
(14)		Towing Safety	To advise the Secretary on shallow draft inland and coastal waterway navigation and towing safety.
(15)		Comm. Fishing Industry	To advise the Commandant on safety of commercial fishing industry vessels, including qualifications and training of personnel.
(16)	FAA	Air Traffic Procedures	To review present procedures and recommend standardization, clarification, and upgrading of air traffic terminology and procedures.
(17)		Radio Technical Commission for Aeronautics	To share views and knowledge on state-of-the-art developments in aeronautics and highlight problem areas for solution.
(18)		National Aviation Security	To provide Administrator with recommendations to improve methods, equipment and procedures to ensure a higher degree of safety for the traveling public.
(19)		Pilot Shortage	Joint DOT/DOD commission to deal with the projected shortage of pilots and technicians.
(20)	FAA (cont.)	Air Trans Personnel & Training Quality	To make recommendations to the Administrator on means to improve training and qualifications of air carrier crewmembers and other air transportation employees.
(21)		System Capacity	To provide advice to FAA on aviation system capacity needs, objectives, and plans, including airports, terminal and enroute airspace, technology, automation and aircraft noise.
(22)		Aviation Rulemaking	To reach concensus and draft rulemaking on specific aviation matters.
(23)	RSPA	Technical Hazardous Liquid Pipeline Safety	To advise the Administrator on technical feasibility and practicality of proposed liquid pipeline safety standards.
(24)		Tech. Pipeline Safety Stds.	To advise the Administrator on technical feasibility and practicality of proposed gas pipeline safety standards.
(25)	OST	Comm. Space Transportation	To advise the Secretary on all aspects of commercial space transportation including expendable launch vehicles.

	Admin.	Committee Name	Committee Description
(26)		Electronic Tariff	To advise the Department on technical, operational and policy objectives of an automated tariff filing system.
(27)		Minority Business Res. Ctr.	To advise the Secretary on methods by which the Minority Business Resource Center can increase participation of minority businesses in all modes of transportation and in implementing the National Transportation Policy.
(28)		Aviation Security and Terrorism	Presidential Commission to study Pan Am 103 disaster and recommend policies and practices to prevent terrorist acts involving aviation.

USER FEES AND TAXES

SENATOR LAUTENBERG: List by mode the existing user fees charged by the Department and the amount of revenue each fee generates, for fiscal years 1991 and 1992.

ANSWER: The list by mode of user fees charged by the Department for fiscal years 1991 and 1992 follows:

DEPARTMENT OF TRANSPORTATION
FY 1992 BUDGET SUBMISSION
USER FEES ($000)

AGENCY	ACCOUNT	FY 1991	FY 1992
FHWA	Misc.Recoveries & Refunds not other. clas.	69	69
	Adv.from State Coop. Agencies & For Govts	1,981	4,000
	Advances for Highway Research Program	25	30
	Contrib. from States, Coop Wrk, Forest Hwy	601	800
	U.S. Dollars adv.from For. Govts for Tech. Assist.	2,718	800
	Deposits, Equipment, Supplies,etc. for Coop. count, Misc. trust	571	0
	Subtotal - FHWA	5,965	5,699
NHTSA	Misc.Recoveries & Refunds not other. clas.	25	25
FRA	Railroad Safety Inspection Fees	20,000	33,865
	Railroad Safety Inspection Fees (Legislation Required)	0	7,159
	Subtotal - FRA	20,000	41,024
FAA	Misc.Recoveries & Refunds not other. clas.	800	1,028
CG	Tonnage duty increases	53,000	53,000
	Yacht & Boat Fees, Coast Guard	153,000	153,000
	Misc.Recoveries & Refunds not other. clas.	200	200
	Subtotal - USCG	206,200	206,200
RSPA	Pipeline Safety User Fees	11,042	13,953
OST	Misc.Recoveries & Refunds not other. clas.	24	24
	Tariff Filing Fees	500	516
	Subtotal - OST	524	542
	TOTAL	244,556	268,471

SENATOR LAUTENBERG: List by mode the existing federal taxes that are imposed and the amount of revenue generated by each tax, for fiscal years 1991 and 1992.

ANSWER: The list by mode of federal taxes imposed by the Department for fiscal years 1991 and 1992 follows:

DEPARTMENT OF TRANSPORTATION
FY 1992 BUDGET SUBMISSION
FEDERAL TAXES ($000)

AGENCY	ACCOUNT	FY 1991	FY 1992
FHWA	Highway Trust Fund, Deposits	16,817,000	17,776,000
	Gasoline Tax (14.1 Cents per Gallon)	(11,642,000)	(12,078,000)
	Truck, Bus and Trailer Taxes (12 Percent)	(1,049,000)	(1,379,000)
	Tire, Innertube, and Tread Rubber Taxes	(315,000)	(328,000)
	($6 minimun - variable increase depending on weight)		
	Diesel Fuel Taxes (20.1 Cents per Gallon)	(3,407,000)	(3,591,000)
	Use Tax on Certain Vehicles	(580,000)	(598,000)
	($100 minimum charge up to $550 maximum charge)		
	Fines and Penalties	(4,000)	(4,000)
	Less: Transfers to Land and Water Fund	(-1,000)	(-1,000)
	Less: Transfers to Aquatic Resources Fund	(-179,000)	(-201,000)
FAA	Deposits, Airport and Airway Trust Fund	4,964,300	5,584,700
	Passenger Ticket Tax (10 Percent)	(4,358,900)	(4,931,700)
	Waybill Tax (6 1/4 Percent)	(235,900)	(261,600)
	Fuel Tax (Gas 15 Cents & Jet Fuel 17 1/2 Cents)	(134,700)	(138,700)
	International Departure Tax ($6 per Enplanement)	(254,800)	(272,700)
	Less: Refund of Taxes	(-20,000)	(-20,000)
	TOTAL	21,781,300	23,360,700

OFFICE OF DRUG ENFORCEMENT AND PROGRAM COMPLIANCE

SENATOR LAUTENBERG: List the initiatives conducted by the drug enforcement office in 1991 and planned for 1992.

ANSWER: The Office continues its oversight role in the implementation of all the operating administrations' drug rules regarding the transportation industry. During 1991, the Office of Drug Enforcement and Program Compliance hosted a nationwide conference for National Institute on Drug Abuse (NIDA) certified laboratories to provide guidance and answer questions concerning the DOT program. The Department provided training to DOT industry program managers through numerous regional conferences. The Department published and continues to distribute a DOT Drug Testing Procedures Handbook that covers the standard DOT program and each of the operating administration programs. This Handbook was the training manual used in a nationwide television simulcast that went to twenty sites across the United States. Tapes of this training effort have been produced and are available upon request.

In 1992, all initiatives underway will be maintained and realigned as review dictates. DOT plans to implement a standard Drug Program Management Information System (MIS). If the rule-making process supports this initiative, the starting date is planned for January 1, 1992. DOT is also assessing the need for, and its ability to implement, rules that will enhance current efforts to reduce the adverse impact of alcohol abuse.

SENATOR LAUTENBERG: Has this office calculated the costs associated with drug testing in the various modes? If so, please give by mode and position the costs incurred by the federal government and by the private sector for required drug testing.

ANSWER: During the rule-making process that established the DOT rules (prior to 1988), cost estimates were part of the process. The DOT rule and each of the modal rules have been amended since implementation. The rule did not include a standardized feedback process to provide credible cost data. The planned MIS, mentioned previously, is designed to provide reliable cost data.

DRUG TESTING

SENATOR LAUTENBERG: What is the status of the Airline Pilot Association petition to drop some of the random drug testing that is required?

ANSWER: The petition has been received by FAA, where it is under review. The process will be monitored by DOT's Office of Drug Enforcement and Program Compliance, since action on random testing is likely to affect all modes of transportation.

SENATOR LAUTENBERG: In your opinion, are all modes and all positions treated equally under federal law or regulations regarding drug testing? If not, please provide example(s).

ANSWER: One of DOT's primary goals is to enhance safety. The drug testing rules process initiated by DOT in late 1986 targeted transportation employers and employees that involved safety and security-related positions. Although there are some implementation differences in the modal drug testing programs, the DOT regulation 49 CFR Part 40, Procedures for Transportation Workplace Drug Testing Programs, coupled with the modal rules, are designed to ensure each of the employees in sensitive safety or security-related functions are treated equally. Each mode's selection of safety and security-related functions is subject to legal review and refinement if found necessary.

GSA RENTAL PAYMENTS

SENATOR LAUTENBERG: Update, for fiscal years 1990, 1991, and 1992, the chart starting on page 743 of Senate Hearing 101-865, part 2.

ANSWER: The information follows:

	FY 1990 Actual		FY 1991 Enacted 1/		FY 1992 Request 2/3/	
Administration/Account	Funding ($000)	Sq. Ft. (000)	Funding ($000)	Sq. Ft. (000)	Funding ($000)	Sq. Ft. (000)
FHWA	14,027	968	[14,027]	970	15,054	991
Limitation on Gen. Oper. Expenses	13,739				14,954	
Motor Carrier Safety (TF in '92)	288				100	

Administration/Account	FY 1990 Actual Funding ($000)	FY 1990 Actual Sq. Ft. (000)	FY 1991 Enacted 1/ Funding ($000)	FY 1991 Enacted 1/ Sq. Ft. (000)	FY 1992 Request 2/3/ Funding ($000)	FY 1992 Request 2/3/ Sq. Ft. (000)
NHTSA	4,128	154	[4,128]	154	4,157	154
Operations & Research (GF)	2,759				0	
Operations & Research (TF)	1,194				4,157	
Highway Traffic Safety Grants	175				0	
FRA	2,775	134	[2,775]	130	2,808	137
Office of the Administrator	1,415				1,256	
Railroad Safety	1,278				1,487	
Railroad Research & Development	82				65	
UMTA - Admin. Expenses (TF in '92)	2,986	112	[2,986]	112	3,197	121
FAA - Operations	38,011	2,421	[38,011]	2,694	62,264	3,344
USCG	29,856	2,126	[29,856]	2,186	37,548	2,421
Operating Expenses	28,746				37,548	
Reserve Training	650				0	
Res. Devel. Test & Evaluation	460				0	
SLSDC - Operations & Maintenance	157	7	[157]	7	174	7
RSPA	1,498	60	[1,498]	60	1,892	74
Research & Special Programs	1,079				1,084	
Pipeline Safety	419				481	
Transportation Systems Center	0				327	
OIG - Salaries & Expenses	2,000	93	[2,000]	92	2,150	94
OST	12,230	549	[12,230]	545	12,843	1,470
Rental Payments	0		107,668		0	
Salaries & Expenses	6,065				6,362	
Working Capital Fund	6,093				6,481	
Comm. on Avia. Security/Terrorism	72				0	
TOTAL, DOT (excludes Marad)	107,668	6,624	107,668	6,950	142,087	8,813

1/ Enacted as single account; distribution for comparability only

2/ Total Rental Payments to GSA; will not agree with object class (23.1) amounts based on revised instructions to score obligations attributable to Working Capital Fund, i.e. Headquarters rent, in object class 25

3/ Corrects inadvertent technical errors in President's Budget for SLSDC ($174K shortfall); USCG ($29.848M shortfall); and OST WCF Limitation ($5.723M shortfall) for FAA HQ space

PROCUREMENT REFORM

SENATOR LAUTENBERG: As Deputy Secretary, you are the chief procurement officer for the Department. The FAA regularly complains about federal procurement regulations. What regulations or procedures specifically have caused the FAA problems?

ANSWER: We are improving our internal Department-wide regulations and procedures. In particular, the Major Acquisition Order, last issued in 1983, was updated and reissued in April 1990. The revised Order streamlines the program approval process and clearly defines documentation requirements. We are in the process of updating the Source Selection Order which was last issued in 1982. The revised order will eliminate steps in the process and assign certain decision making authorities to the program manager and contract officer. The FAA has also recently developed a model of its internal acquisition process and is using that to identify areas that have presented impediments to the effective conduct of their acquisitions. Should their analysis of the process determine that further changes to the Department's procedures or the federal regulations would be beneficial, we will work with them to evaluate and address the findings.

SENATOR LAUTENBERG: Do other agencies within the Department have the same complaints? If so, which ones?

ANSWER: We work closely with the operating administrations to assess possible areas for change to either our procedures or the regulations. Most of the changes we make to our internal procedures, especially for the conduct of source selections and the process for reviewing acquisitions, apply to all the operating administrations.

SENATOR LAUTENBERG: What specific programs or activities have been hindered by these regulations?

ANSWER: All programs are affected by any inefficiencies in our internal processes. Some of the regulatory changes recently enacted, such as the use of best value to determine source selections, especially in the Federal Information Processing Resources arena, should help us to carry out our programs more effectively.

F&E DEFERRAL

SENATOR LAUTENBERG: How much of the $1 billion in deferred facilities and equipment monies is attributable to difficulties with procurement regulations?

ANSWER: We are not able to identify a specific dollar figure that has been deferred because of difficulties with the procurement regulations. Most of the deferral is attributable to reasons other than the procurement regulations. At least half of the deferred amounts are related to the full funding practice. To ensure that adequate funding is available for site preparation, installation and testing of new equipment, appropriations are requested at the time procurement funding for the equipment is requested. This has the benefit of identifying the total cost of a project and not committing Congress to future appropriations, but it does result in deferring expenditures for one to five years. Other amounts deferred are related to delays in awarding contracts. Such delays occur for a variety of reasons such as specification changes, delays in production of prototypes and contractor requests for extension of the deadline for submission of bids.

PROCUREMENT PROCESS CHANGES

SENATOR LAUTENBERG: What changes are you suggesting in the procurement area? In your operations under existing regulations, or in the regulations themselves?

ANSWER: We are taking significant steps to improve our internal acquisition process. In the areas of source selection, acquisition planning, and Departmental oversight, we are streamlining the approval processes, delegating approval of day-to-day operating decisions (e.g., making competitive range and source selection decisions, approving contracts, etc.) to more appropriate organizational levels, and delegating some program approval authority to the operating administrations. We are evaluating our Transportation Acquisition Regulation and DOT policy orders on acquisition for possible changes and increasing our emphasis on up-front acquisition planning (particularly the link between the acquisition and budget processes). We will continue to propose changes to the federal regulations when we think they will improve our ability to effectively conduct our acquisitions.

CAP ON POLITICAL APPOINTEES

SENATOR LAUTENBERG: Section 311 of the fiscal year 1991 bill limited political and Presidential appointees to 120 positions. Why have you requested this language be deleted?

ANSWER: We have requested deletion of the provision, as we have in past years, to allow the Secretary management discretion in determining and addressing the staffing requirements of the Department as they arise.

SENATOR LAUTENBERG: In which agencies has this limitation been a problem?

ANSWER: The cap has not been a problem in any one agency since the cap is applied Departmentwide, not by operating administration.

SENATOR LAUTENBERG: How many political/Presidential appointees would you hire if this cap were lifted?

ANSWER: The extent of hiring of political/Presidential appointees, in the absence of a cap, would depend on requirements of the organization. We do not have a specific staffing level in mind for political/Presidential appointees.

SENATOR LAUTENBERG: What projects, initiatives, or other activities have been curtailed because of the political position cap?

ANSWER: The presence of the cap has not curtailed any initiatives or activities.

PROPOSED TRANSFER AUTHORITY

SENATOR LAUTENBERG: Please explain your requested bill language — section 307. Are you really asking for blanket authority to transfer up to three percent of the appropriated funds from one account to another? Under what circumstances would you need to transfer such large sums of money?

ANSWER: Yes. This authority would provide the Secretary the flexibility to deal with situations requiring timely reallocation of DOT funds. This would include emergency situations such as the Exxon Valdez Oil Spill or the Loma Prieta Earthquake. It would also provide the Secretary with a management tool to cover cost absorption requirements. As stated in the proposed language, the department would advise the Committees of our intent to transfer before the transfer occurred.

SENATOR LAUTENBERG: Under current law, if the Department needed to transfer funds from one account to another, such authority could be granted in subsequent legislation. Give specific examples of how this process has hindered your work.

ANSWER: The proposed language was not developed with the intent to circumvent the legislative process but as a mechanism to help manage our resources to meet emergencies and other cost absorption requirements.

DRUG AND ALCOHOL RULES

SENATOR LAUTENBERG: By mode, briefly describe the DOT Drug Policy rules and regulations in effect that affect those modes:

ANSWER: On December 1, 1989, the Department of Transportation's Office of the Secretary issued a final rule 49 CFR Part 40 "Procedures for Transportation Workplace Drug Testing Programs". The final rule concerns testing procedures applicable to drug testing programs the Department requires in six transportation industries. The rule established procedures for drug testing to be used by employers regulated by the operating administrations. The operating administrations include the Federal Aviation Administration, Federal Railroad Administration, Federal Highway Administration, United States Coast Guard, Urban Mass Transportation Administration, and the Research and Special Programs Administration. These administrations all issued final rules on November 21, 1988 subjecting some 4,000,000 transportation industry employees to drug testing. The 49 CFR Part 40 rule modeled after the Department of Health and Human Services (DHHS) Guidelines entitled "Mandatory Guidelines for Federal Workplace Drug Testing Programs" published April 11, 1988. The rule includes procedures for collecting urine specimens, procedures for transmitting the specimens to drug testing laboratories, testing procedures, procedures for evaluating test results, quality control measures applicable to the laboratories, and recordkeeping and reporting requirements. The intent of the rule is to safeguard the accuracy and integrity of test results and the privacy of individuals who are tested. Categories of testing include pre-employment, periodic, post-accident, reasonable cause, and random testing. The Department of Transportation authorizes drug testing for marijuana, cocaine, amphetamines, phencyclidine (PCP), and opiates.

Federal Aviation Administration - 14 CFR Part 121 "Anti-Drug Program for Personnel Engaged in Specified Aviation Activities": The rule requires specified aviation employers and operators to submit and to implement anti-drug programs for personnel performing sensitive safety and security related functions. The Federal Aviation Administration rule requires domestic air carriers, commercial operators of large aircraft, commuter airline and air taxi operators, and other commercial operators to conduct testing. The following employees must be tested under an FAA-approved program: pilots, flight engineers, flight navigators, aircraft dispatchers, mechanics, repairmen, flight attendants, aviation security screeners, ground security coordinators, non-FAA controllers, ground instructors. The rule does not apply to private and corporate pilots. Testing programs have begun in all air carrier classes.

Federal Railroad Administration - 49 CFR parts 217, 219, and 225 "Control of Alcohol and Drug Use in Railroad Operations": Since 1985, railroad employees have been subject to a Federal Railroad Administration program that requires pre-employment and post-accident testing and a treatment and counseling program designed to promote self-help for troubled employees; it also authorizes reasonable cause testing. The 1988 FRA rule strengthens the existing program with the addition of random testing. Employees covered by the rule include those directly involved in the movement of trains, such as engineers, brakemen, dispatchers, block operators, signals maintainers, and conductors. Random testing for all classes of railroads has been implemented.

Federal Highway Administration - 49 CFR Part 391 "Controlled Substances Testing": The rule sets forth the regulations to require motor carriers who operate commercial motor vehicles in interstate commerce to have an anti-drug program including testing of commercial motor vehicle drivers for the use of controlled substances. Interstate motor carriers are required to develop drug testing programs covering drivers of trucks with a gross weight of 26,001 pounds or more, trucks of any size transporting hazardous materials in a quantity requiring the vehicle to be placarded under DOT regulations, and vehicles designed to carry more than 15 passengers. Under the Federal Highway Administration rule, owner-operators of trucks can be tested by a motor carrier with whom they have a contract or by making their own arrangements, such as through a consortium of owner-operators. Random testing and certain mandatory post-accident testing was enjoined by the courts and is therefore deferred. Motor carriers were required to be in compliance by December 21, 1990.

United States Coast Guard/Merchant Marine - 46 CFR Parts 4, 5, and 16 "Programs for Chemical Drug and Alcohol Testing of Commercial Vessel Personnel": The United States Coast Guard issued a rule requiring the establishment of anti-drug programs to reduce the incidence of drug abuse by commercial vessel personnel. The rule requires marine employers to conduct drug testing programs for merchant mariners who perform duties directly affecting the safety of vessel operations. Any licensed or documented seaman, whether or not he is a member of the crew, is subject to the rule. This is designed to include federal pilots operating aboard vessels. Anyone engaged to work in a sensitive safety position aboard a vessel that is required to be operated by a licensed or documented seaman is subject to the rule. This includes state-employed pilots, certain industrial personnel and undocumented crew members. Self-employed vessel operators are covered by the rule. In December of 1989, the U.S. District Court for the District of Columbia enjoined the implementation of random testing until the COAST

Guard amends the rule to restate the categories of covered employees. The amendment to the rule is in final review status. Random testing is currently suspended. All marine employers were required to implement programs by Dec. 21, 1990.

Research and Special Programs Administration - 49 CFR Part 199 "Control of Drug Use in Natural Gas, Liquefied Natural Gas, ad Hazardous Liquid Pipeline Operations": The Research and Special Programs Administration rule requires testing of certain employees of companies that operate 1.7 million miles of pipelines used to transport natural gas and hazardous liquids, and operators who produce and store liquefied natural gas. Operators must have testing programs for employees and contractors involved in the operation and maintenance of pipelines, and emergency response personnel. Pipeline operators are required to incorporate a drug program in their Operations and Maintenance or Personnel Health plans. All pipeline operators subject to the rule were required to implement a program no later than Aug. 20, 1990.

Urban Mass Transportation Administration - 49 CRF Part 653 "Control of Drug Use in Mass Transportation Operations": The rule sets forth regulations to require recipients of Federal financial assistance from UMTA, and operators for such recipients, to have an anti-drug program for employees who perform sensitive safety functions. Sensitive safety functions generally include operating a vehicle, controlling dispatch or movement of a vehicle, maintaining a vehicle, maintaining equipment used in revenue services, and supervising any of the aforementioned functions. In January, 1990, the U.S. Court of Appeals for the District of Columbia Circuit, stated that UMTA lacked statutory authority to mandate a nationwide drug testing program for its grantees. Implementation of the UMTA rule was therefore rescinded. The Department has included authority to restore the UMTA drug testing rule in its proposed Surface Transportation Assistance Act.

SENATOR LAUTENBERG: By mode briefly describe the DOT alcohol rules currently in effect.

ANSWER: Federal Aviation Administration regulations prohibit a person from acting or attempting to act as an aircraft crewmember if he or she is under the influence of alcohol, or has consumed any alcoholic beverage within 8 hours of reporting for duty. They also prohibit crewmembers from flying with a BAC of .04 or higher. If a history of drug dependence, alcoholism, or mental problems is discovered, the FAA may disqualify the pilot.

Federal Highway Administration: It is a criminal offense to operate a commercial motor vehicle (CMV), or any vehicle subject to the Federal Motor Carrier Safety Regulations (FMCSRs) under the influence of alcohol or drugs. FHWA regulations prohibit the use of alcoholic beverages within 4 hours of reporting to work and also prohibit a driver from working while having any measured BAC or any detected presence of alcohol in his or her system. This effectively amounts to a zero alcohol threshold for CMV operators. A driver will not be considered physically qualified to drive a motor vehicle if, among other things, the driver is currently an active alcoholic. On October 4, 1988, FHWA issued requirements that states must adopt regulations, whereby a commercial motor vehicle (CMV) operator convicted of having a (BAC) level of .04 or above will be deemed to be DUI and subject to a disqualification of at least one year, or they will lose a percentage of federal aid highway funds. These BAC regulations are integral to the commercial driver's license (CDL) program, a nationwide restructing (under FHWA and state auspices) of testing, licensing, and disqualification procedures for CMV operators. The CDL program, which was mandated by the Commercial Motor Vehicle Safety Act of 1986, allows states to exchange commercial drivers' record information, including BAC violation histories.

Federal Railroad Administration regulations prohibit on-the-job use of, possession of, or impairment by alcohol or any controlled substance. They also prohibit railroad employees subject to the Hours of Service Act from having a BAC level of .04 or more while on the job. This is a per se violation; however, it is used for civil, and not criminal purposes. The FRA mandates post accident and reasonable cause testing for alcohol use and impairment.

Coast Guard regulations prohibit persons from operating a vessel while intoxicated, and merchant mariners from drinking on duty or assuming duties within 4 hours of consuming alcohol. In accordance with a statutory requirement, the regulations established Federal behavioral and BAC intoxication standards for both commercial and recreational vessel operators. Either the behavioral or BAC standard can be used independently to determine intoxication. The rule applies a .04 percent BAC standard to operators of all commercial vessels, including fishing vessels. For recreational boaters, the Federal BAC standard is .10 percent. For recreational boaters, this BAC standard and the Federal behavioral standard apply only in the absence of existing State BAC and behavioral standards or outside of State territorial waters. The Coast Guard regulations also require post-accident testing for alcohol consumption.

Research and Special Programs Administration has no specific regulations on alcohol. It does have a general regulation on health of pipeline workers at liquefied natural gas plants. Pipeline operators are required to closely observe workers for any physical condition that would impair performance, including any observable disorder or condition that is discoverable by a professional examination.

Urban Mass Transportation Administration does not have any regulations concerning alcohol use. All commuter rail lines funded by UMTA's grantees are subject to other Federal requirements on alcohol use. All commuter rail lines funded by UMTA, for example, are subject to FRA regulations. All drivers of UMTA-funded motor vehicles that are capable of carrying more than 15 passengers, including the driver, are subject to the FHWA DUI standards which are enforced by the states.

SENATOR LAUTENBERG: What changes, covering what modes, do you feel are necessary to make the existing rules even more effective?

ANSWER: Alcohol - The Department of Transportation is presently drafting a Notice of Proposed Rulemaking based on responses received to its previously issued ANPRM. The Department expects to publish this NPRM in the near future.

Drugs - The Office of the Secretary of Transportation in concert with the Department's Operating Administrations is moving forward with an NPRM to amend 49 CFR Part 40 and the appropriate Operating Administration drug-testing rules by requiring a "Management Information System" designed to evaluate the Department of ransportation's Drug Program by monitoring its implementation, compliance and enforcement. The proposed modification to 49 CFR Part 40 establishes an annual reporting requirement from the regulated industries to their respective operating administration. In turn each administration will review and compile an annual report of drug-testing data to the Office of the Secretary of Transportation. The Department anticipates that publication of this NPRM will occur this summer with allowance for a 45 day comment period.

The Department anticipates increased deterrent effectiveness of two operating administrations' drug testing programs this year through implementation of the random testing portion of their respective rules. The United States Coast Guard has amended 46 CFR Part 16 to codify safety sensitive positions within the commercial marine industry in accordance with a recent court decision. The amendment to 46 CFR Part 16 is presently ready for publication.

The Federal Highway Administration is waiting a decision on its appeal of a U.S. District Court injunction prohibiting the implementation of random drug testing in the interstate trucking industry. The Ninth Circuit Court of Appeals is expected to issue its decision shortly. The Department anticipates a favorable decision in light of the Ninth Circuit's approval of FAA random drug testing in a similar case decided last summer.

Finally, the Department shall pursue legislation which creates regulatory power for the Urban Mass Transportation Administration to establish drug and alcohol rules within mass transit workplace settings.

ANTI-DRUG PROGRAMS

SENATOR LAUTENBERG: List by mode and account the anti-drug programs of the Department, include a brief description similar to page 729 of Senate Hearing 101-865, part 2, for fiscal years 1991 and 1992.

ANSWER: The Department's anti-drug programs listed by mode and account including a brief description follows:

ANTI-DRUG PROGRAMS
FY 1992 BUDGET
($ in Millions)

Mode/Account	FY 1990 Enacted	FY 1991 Enacted	FY 1992 Request	Key Elements of FY 1992 Request
Coast Guard				
Operating Expenses	$542.4	$602.6	$626.7	Funding supports operation of equipment provided in earlier years, including: land-based aerostats, 110' patrol boats, helicopters, new equipment and weapons on 378' cutters. FY 1992 request reflects an allocation of the cost of multi-mission assets to interdiction activities.
AC&I	$118.8	$112.0	$ 72.3	Acquisition and renovation of equipment and facilities supporting interdiction, including: OPBAT helicopters, 378' FRAM, 210' MMA, upgrades of C3I systems and shore facilities.
R&D	$ 4.0	$ 4.0	$ 5.2	Evaluation of high technology drug detection sensors.
	------	------	------	
Total Coast Guard	$665.2	$718.6	$704.1	
FAA				
Operations	$ 14.6	$ 19.2	$ 25.7	Supports activities of enforcement agencies charged with responsibility to interdict aircraft entering the U.S. with drugs ($5.5M in 1990, $6.2M in 1991, and $6.8M in 1992). Supports random, pre-employment and periodic drug testing of agency personnel.

Mode/Account	FY 1990 Enacted	FY 1991 Enacted	FY 1992 Request	Key Elements of FY 1992 Request
				including employee assistance ($6.5M in 1990, $7.1M in 1991, and $7.4M in 1992). Supports activities to review and approve industry drug abatement programs, and upgrades to the Airmen/Aircraft Registry ($2.6M in 1990, $5.9M in 1991, and $11.5M in 1992). This includes $3.5M that will be collected in user fees associated with the Registry in 1992.
Facilities and Equipment	$ 3.8	$ 10.0	$ 10.3	Funding for modernizing and upgrading the Airmen/Aircraft Registry.
	------	------	------	
Total FAA	$ 18.4	$ 29.2	$ 36.0	
NHTSA				
Operations and Research	$ 3.0	$ 3.9	$ 4.8	Provides funding mainly for training of State and local police on drug recognition procedures under the Drug Evaluation and Classification (DEC) program and the National Driver Register (NDR).
Highway Traffic Safety Grants	$ 2.3	$ 3.3	$ 3.0	Provides Section 402 funds to address drug countermeasures.
	------	------	------	
Total NHTSA	$ 5.3	$ 7.2	$ 7.8	

Mode/Account	FY 1990 Enacted	FY 1991 Enacted	FY 1992 Request	Key Elements of FY 1992 Request
FHWA				
Motor Carrier Safety	$ 1.5	$ --	$ --	Support of Operation DEACON (to stop operators from driving while drugged and to intercept drugs moved by truck) and a New Jersey demo on enforcement and education.
FRA				
Railroad Safety	$ .5	$ .6	$ .6	Funding of post-accident drug tests and industry drug testing monitoring.
UMTA				
Research and Training	$ .1	$ .1	$ --	Assists transit agencies in establishing drug programs, publish information on drug prevention under UMTA's drug testing rules.
Discretionary Grants	$ .7	$ .2	$ --	Provides for program to encourage States to take active role in development of anti-drug efforts.
Transportation Planning and Research	$ --	$ --	$ 1.5	The UMTA FY 1992 drug program will provide technical assistance and state-of-the-art information on drug-related issues to public and private transportation operators. Such assistance and information will include conferences, rehabilitation and training programs and drug prevention programs.
	------	------	------	
Total UMTA	$ .8	$ .3	$ 1.5	

Mode/Account	FY 1990 Enacted	FY 1991 Enacted	FY 1992 Request	Key Elements of FY 1992 Request
OST				
Salaries & Expenses	$ .6	$ 1.4	$ 1.3	Internal drug testing program for the Department with an assumed testing rate of 50% of the number eligible for random testing. Virtually all testing funded by reimbursements from the Operating Administrations. The 1991 and 1992 figures include $.7M for the operation of the Office of Drug Policy and Enforcement within the Office of the Secretary. The 1991 funding is through reimbursement from the Operating Administrations.
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Total DOT	$692.3	$757.3	$751.3	

Note: Above table includes all anti-drug programs within the Department of Transportation. The Office of National Drug Control Policy's "drug budget" includes only U.S. Coast Guard, Federal Aviation Administration, and National Highway Traffic Safety Administration.

DRUG AND ALCOHOL AWARENESS

SENATOR LAUTENBERG: List by agency for fiscal years 1991 and 1992 the amount spent on alcohol and drug awareness.

ANSWER: The Department's Drug-Free Workplace Program funding level for employee education and awareness for FY 1991 is $246,000. The FY 1992 request is $258,000. Each DOT operating administration budgets for these amounts in proportion to total civilian employment as follows:

DOT ADMINISTRATION	FY 1991	FY 1992
Office of the Secretary	$ 4,100	$ 4,300
United States Coast Guard	21,300	22,400
Federal Aviation Administration	190,600	199,900
Federal Highway Administration	14,000	14,700
National Highway Traffic Safety Administration	2,600	2,700
Federal Railroad Administration	2,200	2,200
Urban Mass Transportation Administration	1,700	1,900
St. Lawrence Seaway Development Corporation	700	700
Maritime Administration	4,000	4,200
Research and Special Programs Administration	3,000	3,200
Office of Inspector General	1,800	1,800
TOTAL	$246,000	$258,000

SENATOR LAUTENBERG: What actions are you taking to improve and standardize commercial vehicle operator post accident toxicological testing and reporting as recommended by the National Transportation Safety Board?

ANSWER: The Department has met extensively with the NTSB and has been working with all modal administrations to develop a concept on how this area should be addressed. At this time, the FHWA is enjoined by the 9th Circuit Court from enforcing the mandatory post-accident testing, when there is not reasonable cause to suspect that drugs used illegally by the driver contributed to the accident.

SENATOR LAUTENBERG: What is the status of the DOT ANPRM on alcohol testing? When will a notice of proposed rulemaking be issued?

ANSWER: The Department's response to the ANPRM remains under consideration within DOT. We are continuing to analyze options for further action. A date for the issuance of an NPRM has not been scheduled at this time.

AUTOMATED SURFACE OBSERVATION WEATHER SYSTEM

SENATOR LAUTENBERG: As Deputy Secretary, you are the acquisition executive for all of the Department. The FAA recently approved, in conjunction with the National Weather Service, a multi-year procurement for automated surface observation weather systems (ASOS). This occurred despite language in this year's appropriation bill (Section 332) which prohibited awarding multi-year contracts unless specifically provided. How did this happen?

ANSWER: The automated weather observation system (ASOS) is a shared program among the National Weather Service, the FAA and the U.S. Navy. The initial interagency agreement was signed by FAA and the National Oceanic and Atmospheric Administration (NOAA) on March 31, 1988. On January 31, 1991, prior to the February 15, 1991 award of the NWS production contract, the FAA and NOAA signed a modification to the interagency agreement. The modification obligated $21,732,000 in FY 1991 FAA Facilities and Equipment funds to NOAA and specified that the funds support the production contract, site surveys, engineering and inspection services and Department of Commerce overhead related to the project. Although the FY 1991 DOT Appropriations Act provided $36.6 million of Facilities and Equipment funds to support the procurement of ASOS, it did not provide the explicit authority required to avoid the strictures of Section 332. The Department and the FAA recognize that the award of the contract, depending in part on FY 1991 funds appropriated to FAA, is in conflict with Section 332 of the FY 1991 DOT Appropriations Act. Unfortunately, normal FAA project review procedures were not followed prior to FAA's signing of the modification making the FY 1991 funds available to Commerce.

SENATOR LAUTENBERG: Were you aware of the bill language, and did you choose to ignore it?

ANSWER: The Department was fully aware of the bill language. In fact the President's FY 1992 Budget included supplemental FY 1991 appropriation language to establish multi-year authority for ASOS. It was the FAA procurement attorneys who first brought to the Department's attention the need for the specific authorization, which was subsequently featured in the President's Budget. The FAA and the Department have reviewed in depth the actions leading up to the award of the contract. The January 31 modification to the interagency agreement created an obligation of FY 1991 FAA funds. The modification should have stated that none of the funds were available to initiate the contract. The other purposes stated in the modification are not in violation of Section 332.

We have taken steps to prevent such action from occurring again. The FAA will require that before a contract of this nature or a reimbursable agreement leading to a contract of this nature is executed, the program manager will assure that both the Budget Office and the Office of Chief Counsel affirm that both authority and funds are available.

MULTIYEAR PROCUREMENT AUTHORITY

SENATOR LAUTENBERG: Your fiscal year 1992 budget request would amend the Committee's fiscal year 1991 bill language on multiyear contracting. In summary, what is the essence of your proposed changes, and why are they necessary?

ANSWER: The definition of "multiyear contract" contained in Section 332 of the FY 1991 DOT Appropriations Act encompasses far more than what is generally considered to be within the meaning of this term. For example, a contract that provides for more than one year's worth of requirements and is fully funded at the time of award is captured by the terms of Section 332, although it would not normally be considered a multiyear contract.

The definition that we have proposed would encompass the same types of contracts as those covered by the definition of "multiyear contract" contained in the Federal Acquisition Regulations (FAR). We believe that the Federal Acquisition Regulations definition would provide an authority that most contracting personnel are familiar with. Considering the variety of contracts that can be let by the Government, it is important that we achieve a common understanding and strive to maintain consistency in our use of the term "multiyear contract."

Because the definition of "multiyear contract" in Section 332 is more expansive than the usual and customary definition, our language seeks to narrow the scope of the term. We do not believe that our proposed language would deter Congressional review of the contracts that the original drafters of Section 332 intended to cover.

We have proposed to revise the threshold for review upward from $100 million to $150 million to make the language consistent with our DOT Order on major acquisitions. The DOT Order (4200.14c) values Level I and II major system acquisitions for the Coast Guard and Federal Aviation Administration at $150 million or above. We have proposed to delete the second proviso of Section 332 regarding contract options and contract delivery schedules. Given the production lead times for a major system, the restriction on contract options included in that proviso would result in inefficient contracting strategies and likely create production breaks for the contractor, thus driving up system costs.

FAA ACQUISITION PROCESS

SENATOR LAUTENBERG: The Federal Aviation Administration often blames federal procurement regulations for the slow progress on certain national airspace system upgrades. What is your office doing in conjunction with the FAA to rectify this problem?

ANSWER: We are working closely with FAA to initiate many changes which will streamline our internal procedures and processes. Some of our most significant initiatives are described below:

- Last year, we issued a revised DOT order on major acquisitions. It includes several features which streamline the approval process for major acquisitions. We have tied the acquisition process more closely to the budget process to reduce the number of duplicative justifications required and have more clearly defined documentation requirements which should simplify their preparation. We have also delegated program approval authority to the FAA Administrator for some of the less complex major acquisitions (i.e., acquisitions between 50 million and $150 million in total value) allowing us to focus our attention and oversight efforts on the most significant programs. We have also streamlined our internal procedures for making acquisition strategy decisions. These steps should allow us to be more responsive to the dynamic needs of some of our major acquisitions while maintaining an appropriate level of Departmental oversight.
- The Secretary has also delegated complete source selection authority for some selected large FAA programs to the Administrator. We are also working on a major revision to our internal source selection procedures which should significantly streamline the competitive process. It assigns much of the day-

to-day decision making in the conduct of a competition to the contracting officer and program manager.

- The OST acquisition staff is working very closely with the staff of the FAA's Executive Director for Acquisition to evaluate other potential policy changes. We are about to undertake, with FAA and Coast Guard, a significant study to examine DOT's overall process for conducting major acquisitions to assess where further changes might be beneficial. We are also overhauling the Department's Transportation Acquisition Regulation to eliminate unnecessary policy guidance and to put in place a system which will allow us to issue changes to acquisition policy and procedures in a more expeditious manner. We are also very supportive of the steps the Executive Director of Acquisition is taking to make internal changes at FAA such as strengthening the program management function, improving the quality of acquisition documentation, and improving the requirements definition process.

SENATOR LAUTENBERG: What specific changes legislatively or internally are needed to make your acquisition process more effective?

ANSWER: We will be reviewing what additional legislative changes, if any, would be needed in the FAA area as we develop our reauthorization proposal for FY 1993. However, at this time, the single legislative change needed is revision to Section 332 of the FY 1991 DOT Appropriations Act to bring the definition of multi-year contracts more in line with its commonly acceptable usage. This revision is proposed in the President's pending budget request for FY 1992. We are optimistic that the combination of administrative changes already made to streamline acquisition of major FAA systems, as discussed in prior responses, plus the current work underway to find more improvements in the current administrative process, will make our acquisition process more effective.

OFFICE OF COMMERCIAL SPACE TRANSPORTATION

SENATOR LAUTENBERG: List the commercial space launches, actual, committed, and expected for the fiscal years 1991 and 1992 covered by DOT licenses. Provide the company, payload, country, dates, and location.

ANSWER: The following list shows the commercial launches identified by various companies as of March 1991. In the wake of the recent Justice Department decision, this list does not include launches of two GOES payloads and the Mars Observer satellite that had formerly appeared on the U.S. Commercial Launch Manifest issued by the Department of Transportation. Because the list reflects only those launches under contract, it is our experience that the list may continue to grow throughout the year.

COMPANY	PAYLOAD/ COUNTRY	CUSTOMER LAUNCH DATE	LOCATION
McDonnell Douglas	INMARSAT-2 Flt#1 (Intern'l Consort.)	10/90	Cape Canaveral
McDonnell Douglas	NATO IVA (NATO)	12/90	Cape Canaveral

McDonnell Douglas	INMARSAT-2 Flt#2 (Intern'l Consort.)	2/91	Cape Canaveral
Orbital Sciences	Joust 1 (U.S.)	4/91	Cape Canaveral
General Dynamics	BS-3H (Japan)	4/91	Cape Canaveral
McDonnell Douglas	ASC-2 (U.S.)	4/91	Cape Canaveral
Orbital Sciences	ZEST-1 (U.S.)	5/91	Barking Sands
McDonnell Douglas	AURORA II (U.S)	5/91	Cape Canaveral
Orbital Sciences	LEAP-1 (U.S.)	6/91	White Sands
Orbital Sciences	ZEST-2 (U.S.)	6/91	Barking Sands
EER Space Services	Consort 4 (U.S.)	7/91	White Sands
General Dynamics	EUTELSAT (European Consort.)	8/91	Cape Canaveral
General Dynamics	GALAXY V (U.S.)	10/91	Cape Canaveral
Orbital Sciences	LEAP-2 (U.S.)	10/91	White Sands
General Dynamics	INTELSAT-K (Intern'l Consort.)	12/91	White Sands
McDonnell Douglas	NATO IVB (NATO)	12/91	Cape Canaveral
Orbital Sciences	Joust 2 (U.S.)	12/91	Cape Canaveral
EER Space Services	COMET (U.S.)	/92	Wallops Island
General Dynamics	GALAXY IR (U.S.)	/92	Cape Canaveral
General Dynamics	UHF 1 (U.S.)	/92	Cape Canaveral
General Dynamics	ORION 1 (U.S.)	/92	Cape Canaveral

Orbital Sciences	LEAP-3 (U.S.)	1/92	White Sands
Orbital Sciences	SPFE-6 (U.S.)	3/92	Wake Island
Orbital Sciences	LEAP-4 (U.S.)	4/92	White Sands
Orbital Sciences	SPFE-7 (U.S.)	6/92	Wake Island

SENATOR LAUTENBERG: What commercial space launch sites exist in the United States? What other sites are being developed?

ANSWER: Licensed commercial launches may be conducted at any of the national launch ranges. Licensed commercial launches already have occurred from Cape Canaveral, Florida, and White Sands, New Mexico. A license application is under review for a launch from Barking Sands, Hawaii and applications for launches from Wallops Island, Wake Island, and Kwajalein atoll in the Marshall Islands are anticipated. The Pegasus vehicle is launched from an airplane independent of a fixed range site. Commercial launch operations have also taken place at Vandenberg, California, and indications are that additional launches will take place from this site in the future.

Several states have initiatives for developing commercial launch sites. The State of Hawaii is focusing on two alternate sites, and plans to issue a draft EIS for the preferred site by the end of 1991. The Spaceport Florida Authority is moving forward with plans to activate the Cape San Blas site, and has awarded a contract to Orbital Sciences to launch six suborbital research-oriented launches there later this year. Initial discussions with the Air Force have also identified several old launch sites that may be considered for use by the Authority at Cape Canaveral. A study was completed and issued to Senator Lott's office on the potential from a safety standpoint of locating a commercial launch facility on the Mississippi Gulf Coast. Based on the information available, it appears that some launch activities, including suborbital and possibly small orbital operations, may be conducted safely in this region. Commercial landing sites for reentry vehicles have been proposed in the State of Texas, and at the Federal facility at White Sands, New Mexico.

SENATOR LAUTENBERG: What is the status of the "Pegasus" launch vehicle effort?

ANSWER: The first launch of Pegasus successfully placed its payload, an experimental communications satellite, into orbit on April 4, 1990. Recently, Orbital Sciences Corporation (OSC) won a contract to launch the Sea-Viewing Wide-Field Sensor (SEAWIFS) on the Pegasus vehicle in the fall of 1993. The OCST has been working with OSC in licensing the Pegasus launch for Seawifs. At OSC's request, OCST had already made a maximum probable loss determination for Pegasus launches over the Pacific Ocean. Based on the use of a government aircraft, insurance requirements would be set at $12 million for third party liability and $20 million for government property coverage. (Changes in the launch location, use of government facilities, and other factors may, of course, alter these insurance levels.)

SENATOR LAUTENBERG: You are requesting an increase of 33 percent ($4.8 million versus $3.6 million) over the 1991 level, primarily for personnel costs ($200,000) and other services (approximately $1 million). Why the jump in "other services"? Are these all outside consulting contracts or studies?

ANSWER: The reduced level of $2.34 million for "other services" in FY 1991 makes our $3.5 million FY 1992 "other services "request appear greater than it really is. Much of the increase simply restores OCST to the FY 1990 level ($2.94 million). The $600,000 reduction "for other services" from FY 1990 to FY 1991, left OCST with inadequate resources to carry out Congressional and the Administration commercial space transportation objectives. Therefore, the purpose of the requested budget increase is to recover the FY 1991 reduction and allow OCST to handle the greater workload anticipated in FY 1992. For example, the scope of OCST's licensing and inspection program is beginning to cover more launches, new companies, and new vehicles, as well as different launch sites.

These "other services" consist of outside technical support for safety and regulatory research and policy analysis, accomplished largely through competitive contracts. In the first years of operation, OCST relied on contractors for quick access to a broad range of technical expertise to support the development of the program for the new modal function. More recently, our experience has shown that contractor support can effectively be used to address specific technical issues. The core OCST technical staff relies on contractors to support certain well-defined tasks requiring more specialized expertise to augment its own expertise. In addition to performing in-house projects, the staff provides the oversight for and direction of contractors and supervises all contractor supported projects. This approach results in a far more efficient and effective use of resources than could be achieved by attempting to develop an in-house staff capable of handling all the technical issues.

SENATOR LAUTENBERG: What has been spent for "outside services" in fiscal years 1989, 1990, and 1991, and briefly describe what were the products of that spending.

ANSWER: Obligations for "outside services" during FY 1989, 1990 and 1991 were $2.195 million, $2.940 million and $2.090 million, respectively. The products resulting from OCST's outside research contract support for these years are:

a. developmental support for the regulatory program;
b. safety research of launch and orbital risks and hazards needed to support maximum probable loss determinations;
c. technical support during compliance monitoring;
d. safety and environmental studies;
e. safety research supporting OCST's review and evaluation of new launch systems, commercial launch sites, reentryvehicles and other commercial space activities;
f. space transportation analysis and research database;
g. evaluation of user fee and financial responsibility regulations; and
h. economic impact analyses of commercial space activities.

SENATOR LAUTENBERG: The Committee assumed and allowed the collection of $300,000 in user fees in 1991. You are now estimating that only $50,000 in user fees will be collected. Why the difference?

ANSWER: The estimate of $300,000 assumed that the user fee program would be in place through most of fiscal year 1991. However, OCST's Notice of Proposed Rulemaking (NPRM) on User Fees was not published until February 28, 1991. Comments on the NPRM are due by April 1, 1991, and we would hope to publish a Final Rule in May 1991. OCST's authority to commence collection of user fees begins thirty days following publication of a Final Rule.

SENATOR LAUTENBERG: What will not get done because of the $250,000 user fee shortfall?

ANSWER: Regardless of the user fee level in FY 1991, there is a critical shortfall in the overall budget. The FY 1991 resources are inadequate to carry out Congressional and the Administration commercial space transportation objectives. Due to growth in the industry, DOT's workload in FY 1991 is at least half again as great as in FY 1990, yet Congress reduced our resources for outside technical support by 20%. The shortfall in user fees will mean that the resources available for this support will be approximately 29% less than in FY 1990. Consequently, OCST's services and responsiveness to the commercial space transportation sector have been sharply reduced. For example, companies have to wait longer for their licenses and their insurance requirements. OCST's support to new companies using new technologies is being cut back. Safety research, providing the Office with the data needed to make cutting edge decisions on insurance requirements, reentry vehicles and new public safety issues, such as the safety of the Astrotech payload processing facility, has been reduced.

Many projects undertaken last year, which greatly advanced state and local commercial space transportation initiatives, are not possible this year. For instance, OCST could not now undertake to respond to Senator Lott's request for a safety study of possible launch sites in Mississippi, Florida's request for a safety study of the Astrotech commercial payload processing facility, and Hawaii's request for a safety study of two prospective sites for commercial launch facilities, which were possible when adequately funded.

Moreover, the Office is facing new workloads that were not anticipated in the original FY 1991 budget request. The President approved a new commercial space policy further emphasizing commercial space transportation activities, and signed new legislation (the 1991 NASA Reauthorization Act) having significant implications for DOT. These include new responsibilities for facilitating private sector involvement in commercial space transportation and promoting public- private partnerships to build, expand, modernize or operate space launch infrastructure; establishing a new priority on the issue of orbital debris; and requiring NASA to procure commercial space launch services whenever feasible.

SENATOR LAUTENBERG: What guarantee is there that you will collect, as assumed, $300,000 in user fees in 1992?

ANSWER: Our estimate of user fee collections is based primarily on the number and timing of currently scheduled orbital commercial launches. While we can provide no guarantee as to the amount of user fees that OCST will collect in FY 1992, our best estimate at this time is that $300,000 will be collected.

QUESTIONS SUBMITTED BY SENATOR HARKIN

EAS SLOTS AT O'HARE

SENATOR HARKIN: In December 1990 the DOT determined that essential air service for Ottumwa, Iowa, should continue to be to Des Moines at an annual subsidy of about $253,000. The Department rejected a proposal to provide service to O'Hare Airport at a subsidy of $157,000 for the first year and no subsidy thereafter. The DOT Order nevertheless found that the O'Hare proposal was the preferable option. The sole reason DOT gave for rejecting the O'Hare proposal was that there were no slots available at O'Hare.

Please explain why DOT did not make slots available for the O'Hare proposal considering:

(a) the substantial additional subsidy cost of not doing so;
(b) statements in the DOT's rules that slots at High Density airports are public property and subject to the "absolute control" of DOT;
(c) provisions in the Department's rules which specifically provide for requisitioning slots for essential air service;
(d) the Department's practice of providing slots for international services at O'Hare under the same provision of its rules; and
(e) statements the Department made in adopting the slot buy-sell rule, and later to Congress, that essential air service will not be adversely affected by the buy-sell rule?

ANSWER: On several occasions the Department has made slots at O'Hare available for essential air service to small communities when unused slots have been available. The following communities continue to receive service to O'Hare as a result of the Department's efforts: Quincy and Sterling/Rock Falls, Illinois, and Pellston, Michigan.

When the Ottumwa EAS case came before the Department, there were no unused commuter slots at O'Hare. The only way the Department could have secured slots for O'Hare service to Ottumwa, under statutory provisions of the EAS program and the Department's slot rules, would have been to take them away from commuter air service to another smaller community that was self-supporting. The Department decided not to force such a result since the guarantee of reasonable access to the national air transportation system for Ottumwa does not require that service be to O'Hare Airport.

The slot activities for international service at O'Hare do not affect the essential air service program since slots for international service come from the large aircraft slot pool whereas slots for EAS come from the commuter aircraft slot pool.

The buy-sell rule regarding slots has not adversely affected the EAS program since we have procedures to review any sale of slots to insure that the provision of essential air service is not affected.

ESSENTIAL AIR SERVICE TO O'HARE

SENATOR HARKIN: Is it the Department's view that a subsidized service to Des Moines or Midway Airport typically will attract as many passengers as a service to O'Hare, despite the greater number of flights and connecting destinations available to O'Hare? If the answer is yes, please give your reasoning. If the answer is no, please explain why the Department, in order to minimize subsidy, does not give preference to O'Hare as an EAS hub airport.

ANSWER: The Department would expect that service between a small community and O'Hare Airport would attract more passengers than an equivalent level of service to either Midway Airport or Des Moines. The Department would give preference to the O'Hare service if there were subsidy advantages and if slots were available to provide such service, as we did for replacement EAS at Quincy and Sterling/Rock Falls, IL, and Pellston, MI. If, however, reasonable access to the national air transportation system for the small community could be met by service to Midway or Des Moines, the Department would be unlikely to take O'Hare slots away from other commuter service in order to maintain service to O'Hare for the community in question.

SENATOR HARKIN: I am told that there has been a steady reduction in essential air service at O'Hare in recent years. Can you provide the committee with the number of cities and slots receiving EAS service at O'Hare when the buy-sell slot rules went into effect and the number available now? Does this concern the Department? Please explain.

ANSWER: During the past four years, air traffic at O'Hare Airport has increased substantially. Passenger enplanements have increased by over 15 percent while capacity limitations have held aircraft departure increases to 7 percent. In view of this situation it is not surprising that air carriers have reallocated their resources to meet rising demand. There have been 10 service termination notices filed affecting EAS between small communities and O'Hare during the past four years. At half of the communities service to O'Hare was maintained by a replacement carrier--either by using its own slots or by the DOT allocating unused slots for the replacement service. The other five do not currently have service to O'Hare. At one, Mattoon/Charleston, replacement service to Midway Airport began on January 15. At the other four, Danville and Galesburg, IL, and Bloomington and Muncie/Anderson/New Castle, IN, we have requested proposals from interested carriers. Simmons Airlines, the incumbent carrier, was not required to maintain service at these four communities under rules designed to allow the Department to run the EAS program within appropriation limitations on EAS subsidy expenditures imposed by Congress. Those limitations have been relieved and we are looking at all options for long-term service at the communities. The two points in Indiana currently have service to St. Louis, a large hub, by a DOT hold-in order, but the communities have stated that it is not adequate replacement service for the O'Hare service they lost. All of the five communities that have lost service to O'Hare are reasonably close to alternate air service to Chicago and other destinations. The Department believes the communities' guarantees for reasonable access to the national air transportation system can be met if service from their local airports is to Midway or to another hub airport rather than O'Hare.

SENATOR HARKIN: I am told that a number of air carrier and commuter slots at O'Hare are not fully utilized. Can you provide the Committee with the number of such slots that were not utilized for recent weeks by half-hour time periods?

ANSWER: Under the Department's slot rules, 14 CFR Part 93, slots that are not used 65 percent of the time in a 2 month period must be returned to the FAA for reallocation. Conversely, slots used at least 65 percent of the time are considered utilized and not subject to reassignment. The FAA monitors the use of slots. The most recent period for which data have been processed is November-December 1990 and all slots were used more than 65 percent of the time.

SENATOR HARKIN: What would be the problems in the Department providing additional landing rights to an EAS carrier in those cases where the government might save substantial EAS funds and provide better service to an EAS city, where the number of landing and takeoff slots are not being fully utilized?

ANSWER: The Department has authorized the maximum number of slots at O'Hare that the air traffic control system can efficiently handle. While not all of the slots are used all of the time due to continuing changes in airline schedules and competitive responses, we must proceed on the basis that any individual slot may be used on any given day, and, generally, over a relatively short period of time, all slots are utilized. Therefore, we could not authorize new slots for EAS service.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. The next hearing of this subcommittee will be Wednesday, March 20, at 10 a.m. We are going to hear from the Urban Mass Transportation Administration and the Washington Metropolitan Area Transit Authority.

We thank you all for your participation this day.

Ms. CHAO. Thank you, Mr. Chairman.

Senator LAUTENBERG. With that, the subcommittee is recessed.

[Whereupon, at 12:05 p.m., Wednesday, March 13, the subcommittee was recessed, to reconvene at 10:06 a.m., Wednesday, March 20.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

WEDNESDAY, MARCH 20, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:06 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Sasser, D'Amato, and Hatfield.

DEPARTMENT OF TRANSPORTATION

URBAN MASS TRANSPORTATION ADMINISTRATION

STATEMENT OF BRIAN W. CLYMER, ADMINISTRATOR

ACCOMPANIED BY ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR GRANTS MANAGEMENT

OPENING REMARKS

Senator LAUTENBERG. We call this hearing on UMTA and WMATA to order. It sounds like we are talking some kind of foreign language—perhaps at moments we are.

We want to welcome Brian Clymer, the Administrator of UMTA, and following that, we will be hearing from Mr. David Gunn, the new General Manager at Washington Metro.

As everyone knows, this year Congress intends to reauthorize the highway and transit programs, and this process will shape the way we move people and goods for years to come.

As far as I am concerned, the administration's proposal is not really a plan for the future. In fact, in my view, it is not even a workable solution in the short term.

Transit could be the answer to serious problems facing our Nation. It could be an answer to traffic congestion. It could be an answer to some of our air pollution problems. It could be an answer to our need to conserve energy.

Transit is our ticket, but the administration has essentially stamped it void. Transit is slated by the administration to receive a mere 2 percent increase over the 1991 funding levels while even the tight constraints of last year's budget summit agreement called for an increase in domestic discretionary spending of 4 percent.

And rather than help transit serve more people more affordably, the administration intends to squeeze it. They propose what amounts to reduced funding in real terms, while transit needs are growing.

The administration proposes zero operating aid for systems like New Jersey, while loading on new costs like the upkeep of the Northeast corridor. That could mean a $56 million hit on New Jersey Transit's operating budget.

But the administration does not seem to catch on. We are choking on polluted air. We are strangling in traffic, and they do not see that it is only going to get worse unless we start promoting transit and investing in it the way we should.

Transit is the key to cleaner air. After a lot of study and debate, Congress passed and the President signed the Clean Air Act. It set the country on the road to cleaner air.

But you cannot get there by car. You need to ride the bus or the train to reach clean air goals. The administration will not give us the ticket. It will not help transit authorities to pay for cleaner buses and to meet other requirements set out in the Clean Air Act. Those mandates will cost transit authorities hundreds of millions of dollars in both operating and capital costs. Without any help, these costs are going to mean higher fares and perhaps less service.

That, of course, means fewer transit riders and more people in cars. The same thing is going to happen if the transit agencies get no help to comply with the Americans With Disabilities Act. Once again, the Federal mandates could cost transit operators millions of dollars.

Yet, the administration lends no helping hand in its surface transportation bill. Transit is a key to reducing congestion and increasing our productivity. Every year Americans waste 2 billion hours stuck in traffic, and according to the General Accounting Office, the problem could worsen by 300 to 400 percent over the next 15 years.

Time lost in traffic is time that is not spent at work, at school, at home, at play. Transit can help significantly unclog the congestion. But not with the paltry aid from the administration.

Transit is also a key to energy conservation. We still do not have a sensible energy policy in this Nation. Transportation accounts for 60 percent of oil consumption in the United States. We waste 1.3 billion gallons of fuel just idling in traffic, and if we are serious about reducing our energy dependence, we need to support transit. We need to promote it.

And yet, the administration has sent up a surface transportation bill that will reward States with highway money on the basis of the amount of fuel that they use. That is like giving a drunk some drinking money.

We need to get off of our gasoline binge, and use transit. We need a highway bill that rewards States that get people out of their cars. This is not the local problem as the administration would have us believe. It is a national problem.

And it is our national goal to have cleaner air. It is our national goal to conserve energy. It is our national goal to become a more productive, more efficient, leadership society, and transit has to be the way to go.

After hearing from Mr. Clymer we are going to hear Mr. Gunn describe Washington Metro's request for 1992 funding for the continued construction of this city's very successful heavy rail system.

With that, I invite my distinguished colleague from across the river, from the suburb of New Jersey, from New York, to make his comments.

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Mr. Chairman, thank you, from the suburb of New Jersey, I bring you greetings from the Long Island railroad commuters, Brian, and to the UMTA users.

I am going to ask that my full statement be included in the record as read in its entirety. I am not going to be able to stay with you. We have a full committee hearing on interstate banking.

But I will say that the problem as it relates to funding for operations is something that obviously concerns this Senator as well as my distinguished chairman and friend, Senator Lautenberg.

The New York transit system would lose, in operating assistance, something over $100 million, $103 million. The system in Buffalo could lose some $6 million. We are talking about systems that are already plagued with shortfalls and facing fare increases. This would further exacerbate the problem.

And so we make this, I think jointly, pronouncement that certainly Senator Lautenberg and I are going to do all that we can to deal with this deficiency.

We recognize the legitimacy of budget constraints, of not being able to do more, but to be cutting back in these areas simply does not make sense economically and as the Senator has articulated, and with specificity, correctly so, environmentally.

When our regions in particular, New York, New Jersey, metropolitan regions, face very strict goals and standards through the environmental side of the law that has been passed, at some point in time there is going to be a crushing blow to our communities economically, which will stop all development unless we deal with it.

And so mass transit is one of the very strong answers to these problems.

Again, let me say on the positive side, Mr. Chairman, I think you would agree with me that Brian Clymer as Administrator has been second to none in his forthrightness, in his attempt to work with us, with our staffs, to work out the various problems on a day-in and day-out basis, and I am deeply appreciative of that effort.

And I thank the Chair for his cooperation and for his leadership in this area. It has been second to none as well.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you, Senator D'Amato. We will obviously put your full statement in the record as requested.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I join you in welcoming Brian Clymer, Administrator of the Urban Mass Transportation Administration [UMTA]. David Gunn, former head of the New York City Transit Authority and the new General Manager of the Washington

Metro also is here to discuss the budget request for WMATA. I congratulate David on his new job and wish him well.

The Administration's budget proposal for UMTA is essentially a freeze (+$71 million). It is based on proposed legislative changes that would distribute 90 percent of transit funds by formula (up from 50 percent by formula). Local match is increased for formula capital moneys from 20 percent to 40 percent. Discretionary funds would be cut from $1.4 billion to $350 million.

While capital funding is increased over current levels, this is done by eliminating about $500 million in operating aid for areas with populations of greater than 1 million. New York City would lose about $103 million in operating funds and Buffalo would lose $6 million. I believe this would translate into fare hikes and service cuts.

Discretionary capital is limited to $350 million, of which new starts would receive $300 million. About $212 million of the new start moneys would be used to complete three projects which have full funding contracts: Miami, Los Angeles, and St. Louis. The balance of $88 million would be available for other "cost-effective" new starts. In FY 1991 we allocated $440 million for new starts and appropriated $222 million for the 3 projects with full funding contracts, and $218 million for 15 projects without full funding contracts. It would be difficult to satisfy the demand for new start moneys with only $88 million for "other" projects. The balance of the discretionary money under the Administration plan, $50 million, would be used to address new requirements under the Clean Air Act and the Americans With Disabilities Act.

The proposed budget for Washington Metro is $80 million to complete the existing 89.5 mile system and begin funding an additional 13.5 miles as provided under the National Capital Transportation Amendments Act of 1990.

Thank you, Mr. Chairman. I look forward to hearing the details of these budget proposals.

INTRODUCTION OF WITNESS

Senator LAUTENBERG. I join you in saluting Mr. Clymer's ability, but what Mr. Clymer needs is deeper pockets. And we are trying to drag him across the line, Senator, as you very well know.

I do not envy his position because coming from where he was in his previous life, working very closely with the transit system that is under assault almost daily, Mr. Clymer knows how difficult it is.

I would hope that he would be an advocate for transit and not help the OMB accomplish their mission, which, in my view, does not regard the value of the projects and programs. OMB operates under a different kind of constraint.

With that, Mr. Clymer, we once again welcome you and I invite you to make a statement.

STATEMENT OF BRIAN W. CLYMER

Mr. CLYMER. Thank you very much, Mr. Chairman. I do have a written statement which I would like to submit for the record, and I will make a very brief oral statement.

My name is Brian Clymer. I am the Administrator of the Urban Mass Transportation Administration. I am pleased to appear before you today to present the President's budget for Federal mass transportation assistance for fiscal year 1992. We seek from you a total of $3.3 billion to carry out that program.

Joining me this morning at the witness table is Mr. Robert McManus, who is our Associate Administrator for Grants Management.

As you know, Mr. Chairman, the administration has proposed a reauthorization package that will renew our various programs of surface transportation assistance for another 5-year period. Woven through our reauthorization proposal are two basic themes: stability and flexibility.

Stability in the stream of Federal assistance, so State and local governments can reasonably predict their level of Federal funding from one year to the next, and make their plans accordingly. Flexibility, so local officials can choose the most effective transportation project to fit their needs and not be forced to accept the projects that fit the funds they have left in various program categories.

Let me also note that this is the first time in many years that the administration is requesting an overall increase in the mass transportation assistance program. The second biggest change we are proposing is to shift more of the program to formula allocation and reduce reliance on discretionary grant-making.

We are proposing to decrease the share of the program being distributed by discretionary programs from 41 percent to 13 percent. We are also proposing a fixed percentage set-aside from the basic formula assistance program for a newly invigorated effort in the combined areas of transportation planning, research, and technical assistance.

There are two final things that I might quickly highlight, Mr. Chairman: new starts and operating subsidies. First of all, the operating subsidies. You are not going to hear from myself or the administration any deprecation of the importance of mass transportation operations. You are also not hearing, in the administration's position on Federal operating subsidies, any effort to reduce the overall level of the Federal mass transportation assistance program.

But you are hearing a very strong statement that there is a far more important Federal role in the area of capital investment than operating subsidies. For smaller cities, let us propose eliminating operating subsidies as currently defined, but instead regard as eligible for Federal capital assistance a range of day-to-day expenditures for materials, spare parts, and supplies that are currently paid for out of operating budgets.

For the larger transit systems, those in urbanized areas with populations in excess of 1 million, we are saying let us convert the entire Federal assistance program to a capital-only resource. In most of these larger urbanized areas, Federal assistance currently provides some small, single number percentage of overall operating expenses.

NEW STARTS

Finally, Mr. Chairman, let me say a word about new starts. We are proposing a discretionary program for new starts. As Secretary Skinner told the annual legislative meeting of the American Public Transit Association last week, there are three important points to be made with respect to new starts:

One: We are proposing a new starts program. We think it is vital that there be some Federal resource made available that can be used to expand fixed guideway mass transportation into areas and markets where it currently does not function.

Two: Because we cannot provide adequate resources to meet all demand, it becomes all the more critical that we allow objectively applied, quantitative criteria to become the instrument for making funding decisions.

We particularly call upon this committee, Mr. Chairman, to work with us in the months ahead to see if we can achieve mutual comfort with a system that moves away from the practice of earmarking new starts projects and substitutes a criteria-based evaluation.

Three: Intermodal flexibility. Because a new start project involves a good deal of one-time cost, it will be possible to supplement discretionary dollars from the mass transportation assistance program with flexible formula dollars from the highway program that will be usable for mass transportation purposes under our proposed reauthorization.

Mr. Chairman, that concludes my introductory statement. I will be happy to answer any questions.

PREPARED STATEMENT

Senator **Lautenberg**. Thank you very much, Mr. Clymer. We will put your full statement in the record.

[The statement follows:]

STATEMENT OF BRIAN W. CLYMER

Mister Chairman and members of the Committee. My name is Brian Clymer and I am the Administrator of the Urban Mass Transportation Administration.

I am pleased to appear before you today to present and discuss the President's budget for a strong and reliable program of Federal mass transportation assistance for fiscal year 1992. We seek from you a total of $3.3 billion to carry out this program.

As you know, Mister Chairman, the administration has proposed a reauthorization package that will renew our various programs of surface transportation assistance for another five year period.

Woven through our reauthorization proposal are two basic themes: stability and flexibility.

Stability in the stream of Federal assistance so State and local governments can reasonably predict their level of Federal funding from one year to the next, and make plans accordingly. Flexibility, so local officials can choose the most effective transportation project to fit their needs, rather than projects that merely fit the various program categories for which they have remaining funds.

The budget you have before you is consistent with our reauthorization proposal.

No one in the room today can predict with certainty exactly what kind of a reauthorization bill will finally emerge from congressional deliberations in the next ninety-two (92) days.

But the administration is firmly committed to our reauthorization proposal. And we have submitted our budget proposal for your consideration with the same confidence.

Perhaps the single feature of this budget that makes it most different from appropriations of previous years is the degree to which it relies on trust fund revenue.

Only the separately authorized Metrorail transit system here in the Washington area will continue to rely on general revenue funding.

All the rest of the Mass Transportation Assistance Program—from new buses to new starts, from the replacement of subway cars to the salaries for my agency's staff—will be funded from the dedicated penny-and-a-half a gallon in motor fuel tax that constitutes the mass transit account of the highway trust fund.

Because of accumulated balances, plus interest accrued over the years, this fund is able to sustain a steady program of mass transportation assistance for the length of the proposed five-year reauthorization.

We believe that shifting the Mass Transportation Assistance Program to this account will bring real and measurable benefits to the operators of mass transportation from coast-to-coast.

At a time of sustained pressure on the whole budget process on both the revenue and expenditure sides, with no reduction whatsoever in the urgency to bring the Federal deficit under control, shifting the Mass Transportation Program to the trust fund makes eminent good sense.

In fact it makes more than good sense; it represents a one-time opportunity to safeguard and stabilize the Mass Transportation Assistance Program, while simultaneously reducing demand on general fund revenue.

We are also proposing a continuation of a trend that the Congress initiated back in 1974, and has expanded in various reauthorizations since then.

We think it's time to shift more of the program to formula allocation and reduce reliance on discretionary grant-making.

When the UMTA program was new, the capital needs of mass transportation reflected decades of neglect; discretionary grants were the proper instruments to channel needed funds to those grantees that were ready and able to make use of them.

Over the years, and in no small measure thanks to the assistance funds made available through the UMTA program, conditions improved significantly.

Today, mass transportation agencies do not need one-time discretionary grants to initiate capital reinvestment programs.

They need a steady and reliable source of funding they can rely on year after year to continue their long-term programs of infrastructure investment.

This year, forty-one percent (41 percent) of the mass transportation program is being distributed by discretionary instruments.

Next year, we want to bring that down to thirteen percent (13 percent).

This year, there are three categories of discretionary grants among the major capital-oriented programs $440 million for new starts, another $455 million for rail modernization, and a bus program of $220 million.

Next year, the only discretionary capital spending we are proposing is $300 million for new starts, and $50 million for other discretionary purposes such as helping grantees meet the requirements of the Clean Air Act and the Americans With Disabilities Act.

All the rest of the grant program will be allocated by formula.

The section 9 formula itself was developed at the time of the 1982 reauthorization and has stood the test of time as an equitable instrument for allocating Federal resources. We are proposing no major change to it.

We are suggesting a minor change in the way the formula delivers its resources, however, and that is eliminating the bus and rail incentive tiers.

This was created in 1982 in an effort to provide additional funding as an encouragement for more efficient mass transportation operation.

After nearly a decade of experience, however, we have concluded that while it was certainly worth trying, the complexity of the incentive tier far outweighs its benefit and it is time for it to be dropped. Our grantees concur in this proposal.

Shifting more of the program to formula allocation is anything but a radical change; it is simply a continuation of a trend that began in 1974 when what had previously been a totally discretionary program was supplemented by formula assistance.

For that matter, discretionary rail modernization grants have long been administered with a good deal of reliance on formulas to determine the relative allocations among grantees of varying size and complexity. Making this program officially allocated by formula recognizes in law what has, in fact, been an effective administrative practice.

Discretionary rail modernization grants have usually been awarded to eight urbanized areas that operate older rail transit systems.

We are saying that instead of a discretionary rail modernization program of $455 million, a special sum of money totaling $600 million should be added to the basic section 9 formula, and allocated solely on the basis of the rail factors in that formula.

The cities that have rail factors under the section 9 formula represent a somewhat larger universe than the eight traditional participants in the Discretionary Rail Modernization Program.

So if we simply took this year's $440 million of discretionary money rather than the $600 million proposed and allocated it according to the section 9 rail factors, the eight traditional participants would get shortchanged.

A resource that was theirs exclusively would have to be shared with cities operating new rail systems, as well as others whose transit operations include services that are technically identified as "rail service" under the law—ferryboats, HOV lanes, trolley buses, and the like.

That would not be fair; but that is not what we are suggesting.

This not only keeps whole the old rail modernization participants; it allows the newer rail systems to take another step toward full maturity and begin their own capital reinvestment programs, programs that will be essential if these newly-built systems are to avoid the kind of infrastructure decay and neglect that made the older rail modernization program necessary in the first place.

Shifting to the needs of bus transit systems, we believe our budget provides more than ample resources for all the bus transit operators in the Nation to continue aggressive investment programs of regular cyclical fleet replacement, with enough money left over for ensuring that these vehicles are supported by proper garage and maintenance facilities.

We also believe that it will be useful to take all of what are today smaller assistance programs, each with an individual line item appropriation, and convert them to statutory percentage set-asides from the basic formula assistance program.

Coupled with reliance on trust fund resources, this will bring new levels of stability to these smaller, but nonetheless very important, programs—rural assistance, planning, specialized transportation, and so forth.

The rural program in particular is one that we feel should be strengthened with additional resources. We are proposing to increase its funding from $65 million this year to $89 million in fiscal year 1992.

We are also proposing to treat interstate transfer-transit as a take down from the total amount of mass transit account funds made available. We are proposing allocations of $160 million in 1992 and a little more in 1993, to fully cover the remaining cost to complete these projects. At that point the program would be complete and these funds would be added to the section 3 and 9 programs.

Another effort we propose funding through such a fixed percentage set-aside from the Basic Formula Assistance Program is a newly invigorated effort in the combined areas of transportation planning, research and training, and human resource development. Funding for this new program will be provided as a 2.8 percent takedown from the total UMTA program. This new structure will provide a predictable, flexible and reliable source of funding.

The roots of this program can be found in the highway planning and research activity of our sister agency, the FHWA. Because it, too, is funded by a fixed percentage set-aside and provides important stability to highway research in our country.

Our new program will provide adequate resources so the mass transportation community can improve its product to serve new markets and meet new demand more efficiently and more effectively.

The new program will include an expanded national program and a strengthened State and local program. While I will not describe the entire program, I would like to point out several new features of the program. First, under the national component we will reintroduce a technology development program which has laid dormant for the last decade. It will be a cooperative venture, closely coordinated with the private sector.

Within the State and local program there are two features which deserve mention. First we will establish a transit cooperative research program—a program designed to address the operational needs of the industry.

The program will be formulated by the industry and implemented by the National Academy of Sciences' Transportation Research Board. It too is modeled after a very popular and longstanding FHWA program.

Second, under the revised structure, funds will be made directly available—for the first time—to State agencies to undertake research activities in conjunction with planning activities currently being funded. This will round out the multimodalness of the State programs as they address transportation issues.

The mass transportation industry strongly supports our initiatives in this area. This renewed emphasis on transportation research is a major theme of the President's national transportation policy.

Mr. Chairman, things have changed significantly in the last year. At that time we were in the midst of formulating our research agenda. We were awaiting the outcome of the Americans With Disabilities Act; we were awaiting the outcome of the clean air amendments. These are now in place and the research parameters of these federally mandated programs are clearly understood. Our programs are formulated—the foundations are being aggressively implemented and we are bursting at the seams awaiting the influx of these additional funds.

The bill also would amend the existing University Transportation Centers Program in a number of ways.

The bill would revise the responsibilities of the centers to include transportation safety issues and could delegate the responsibility for the centers to the Administrator of the Research and Special Programs Administration.

The bill also would authorize the Secretary to make grants to colleges or universities to establish three additional national centers for transportation management, research and development to accelerate the involvement and participation in minorities and women in transportation related professions, especially in the science, technology and engineering disciplines. An additional $1,000,000 beyond the current

$5,000,000 annual authorization would be authorized under both the mass transit account and the highway trust funds to provide for grants for these centers.

Mister Chairman, I have had numerous conversations with the transit industry—both operators and suppliers—and that brings me to the final two matters I wish to highlight as we begin our hearings; operating subsidies and new starts.

First, operating subsidies; overall we believe that the availability of federal operating assistance to all areas does not encourage cost effective decisions on transit operations.

We very firmly believe, that there is a far more critical and necessary role in the area of capital investment, as opposed to expenditures for current operating subsidies. For the good of the Mass Transportation Assistance Program, which must meet the extraordinary capital requirements of transit, we must shift Federal resources in that direction.

We have thus proposed what I hope the committee will regard as a beautiful compromise.

In the smaller cities with population under 1 million, where elimination of Federal operating subsidies could bring serious strain to mass transportation providers, we are saying let us redefine some terminology.

Let us eliminate operating subsidies as such, but instead regard as eligible for Federal capital assistance a range of day-to-day expenditures for materials, spare parts and supplies that are currently paid for out of operating budgets.

Needless to say we do not want to see any growth in this expenditure category beyond something approximating the current level of Federal operating assistance, since we remain convinced that the more proper Federal role is in providing capital assistance.

Therefore, we are proposing that the use of Federal funds for this new category be limited to twenty-five percent (25 percent) of the apportionment, or the old operating cap, whichever number is higher.

To ensure that this change will not bring discomfort to any individual mass transportation operator, for any system whose newly defined capital expenditures including materials, spare parts and supplies does not equal the level of its current Federal operating assistance, there will be a "hold harmless" provision to permit the expenditure of funds up to the old operating cap for noncapital purposes. Once capital expenditure have been met.

For the larger transit systems, those in urbanized areas with populations in excess of one million, we are recommending that the formal grants be available only for capital.

Our analysis tells us that this will not produce any sudden or severe distortions in current patterns or levels of mass transportation service.

In most of these larger urbanized areas, Federal assistance currently provides on average about four (4 percent) percent of overall operating expenses—less in the largest systems.

It will take time to make necessary budget corrections at the local level to adjust to this proposal.

But a stronger Federal Mass Transportation Assistance Program will emerge from it all, because there is clearly a greater need for Federal capital assistance than for Federal operating assistance.

Finally, Mister Chairman, let me say a word about new starts.

We are proposing a discretionary program for new starts funded at $300 million.

As Secretary Skinner told the Annual Legislative Meeting of the American Public Transit Association last week, there are three important points to be made with respect to new starts.

One: We are proposing a new starts program.

We believe it is vital that some Federal resource be made available to construct and that can be used to expand fixed guideway mass transportation into areas, and markets, where there is a need for such services it does not currently function.

Two: Because we cannot provide adequate resources to meet all demand, it becomes all the more critical that we allow professionally-developed and objectively-applied quantitative criteria to become the instrument for making funding decisions.

We particularly call upon this committee, Mister Chairman, to work with us in the months ahead and see if we can achieve mutual comfort with a system that moves away from the practice of congressional ear-marking for new start projects and substitutes a criteria-based evaluation. In our view, such criteria should take into account cost effectiveness and local support.

Third: Local share. In the last decade State and local governments have established that they have the political will and financial ability to increase their support of public transit. As the result of our "recent overmatch policy" many new start grantees and prospective grantees, have increase the proportion of local capital investment to 50 percent or more.

Additional local match, especially when combined with private investment, will help ensure more prudent project design and control. Moreover, the assurance of a stable and predictable Federal resource for a five year period should enhance a grantee's ability to secure additional local matching funds.

Four: Intermodal flexibility. Because a new start project involves a good deal of one-time costs, it will be possible to supplement discretionary dollars from the Mass Transportation Assistance Program with flexible formula dollars from the highway program that will be usable for mass transportation purposes under our proposed reauthorization.

If a new rail transit line is high priority for a community, our reauthorization proposal would allow the locality to make some choices and divert some highway dollars to the project.

That, in brief outline, is the program for which we seek $3.3 billion for fiscal year 1992.

The themes of stability and flexibility are paramount in our proposal, and we have also reached a time in the history of the Federal Mass Transportation Assistance Program when other important adjustments are also appropriate—adjustments like greater use of formula distribution mechanisms, and heavier reliance on the trust fund as the source of the program's dollars.

Mister Chairman, that concludes my prepared statement.

PROGRAM PREDICTABILITY

Senator LAUTENBERG. You indicate that predictability is one of the desirable features of the proposed program. May I point out that the guy on death row has a certain predictability, who does not like the outcome, and the predictability here is an outcome that for transit authorities is not particularly pleasing.

We will examine it in detail, but meanwhile, I would like to welcome one of our new members—that is not in the Senate, that is just on this subcommittee—Senator Hatfield, who of course, has been in the Senate for some years. He is a distinguished colleague and good friend, and someone who is very interested in transportation issues who has just joined this subcommittee.

We are delighted to have him with us, and I would ask Senator Hatfield if he would like to make an opening statement before we get into questions for Mr. Clymer.

STATEMENT OF SENATOR HATFIELD

Senator HATFIELD. Mr. Chairman, thank you very much. I look forward to coming on this subcommittee and to have a closer working relationship with you as you lead this committee, and your outstanding staff that helps us come to our decisions.

Mr. Chairman, in my opening statement I merely want to comment on how lucky we are to have a man like Mr. Clymer who heads up a very difficult program in this Government of ours in trying to coordinate the needs of transportation with the environment and all the other values that are involved in clean air.

The complexities are far beyond just laying down rails or whatever else may be done in the field of actually moving people, produce, and services. I say this because I have had some working relationship with Mr. Clymer before I came on this subcommittee, and I describe Mr. Clymer as one of those individuals who, if I were going to be back in my old days in the Navy and hitting the beach at Iwo, I would like him at my right hand and my left hand both. He would be the kind of man that you would want to have on your side, and you could depend on him for his intellect, his strategy, and his commitment.

Unfortunately, Mr. Chairman, I am comanaging the bill that is now on the floor, the supplemental appropriations bill with Chairman Byrd, but I did want to come to indicate my interest in this particular area, and if it is all right with the chairman I would like to leave a set of questions that I would submit for the record and merely be here to welcome Mr. Clymer to our subcommittee.

Senator LAUTENBERG. Thank you very much, Senator Hatfield. We are pleased to have you here. That endorsement for Mr. Clymer came at just the appropriate moment. I think I will rip up a few pages of the tough questions that I have for him. [Laughter.]

We know that Brian Clymer has ability and has commitment. The only problem that he has is——

Senator HATFIELD. To keep him on our side. [Laughter.]

ELIMINATION OF OPERATING ASSISTANCE

Senator LAUTENBERG. It is, "Where is the beef?" So thank you very much, Mark. We will see you later.

Now, Mr. Clymer, there is some question about what constitutes national issues versus local issues. The administration has explained the elimination of operating assistance and lower Federal shares for capital projects on the basis that such issues are primarily local. The administration asserts that State and local governments have a greater stake in transit than does the Federal Government. Do you support that?

Mr. CLYMER. Yes, Senator, I do. I will separate the two issues and talk about them separately. First, the local match issue. It was probably best put into perspective a couple of days ago when I shared a podium with Congressman Mineta, who indicated his feeling that over the next two decades there were somewhere in the neighborhood of 3 trillion dollars' worth of expenses, or amounts that needed to be spent on infrastructure in this country.

It is a fact of life that there simply is not enough money in the Federal budget to handle all of the demands. The fact of the matter is that State and local governments are going to have to be expected to share more.

There are a great number of States, I understand, including my own, that are currently encountering fiscal problems. However, if you look at the Federal deficit this year, which is expected to be, I think, in the neighborhood of $318 billion, perhaps the States may be in better shape than the Federal Government is and may be in a much better position to pick up some of those expenses.

Certainly, in the area of transportation capital improvement over the years, if you go back to 5 or 10 years ago, the amount of money put up to match Federal contributions in capital was barely that which was needed to make the local match—in the 20- to 30-percent range. Since then, there has been a great increase in money from the localities, a great willingness to step up to the plate to provide more dollars.

This could be indicated here locally with WMATA. As we agreed last year in the reauthorization for WMATA, its local match is almost doubling from 20 percent up to 37.5 percent. We need to realize that not just the Federal Government but also the locals are going to have to step up to the plate if we are going to meet the transportation needs of the next several decades.

With regard to operating assistance, in the areas over 1 million, operating assistance constitutes by and large 5 to 6 percent of their budgets. For some of the bigger authorities it is actually less than that. In New York, it is in the 2-percent range.

I think there are a couple of points that could be made on that. First of all, if State and local areas are coming up with a greater local match for capital, they will have the opportunity to take those dollars and apply them on the operations side instead of the capital side, and let the Federal Government put its dollars toward capital.

Second, because operating assistance is such a small percentage amount, it is basically only equivalent to an inflationary increase from one year to the next. It should be a relatively short-term adjustment that we are confident will not drive ridership away or cause increases in fares.

And, the last point I would like to make in that regard is that we are not taking the dollars away. The section 9 formula dollars are still there. They do have a slight increase in them. We are just taking away the ability to use them for operating expenses, but the dollars remain.

STATE CONTRIBUTIONS/SEPTA

Senator LAUTENBERG. I am interested in your perspective. As I remember, you and I share a somewhat similar background. My business background was largely with numbers and accounting principles.

When I hear you say that local authorities and States are perhaps in a better position than the Federal Government, I would refer you to your own State and take a look at the SEPTA system and see what kind of contribution the State is making there to help things along. I know you know we had a fairly serious debate on the floor last October, trying to encourage Harrisburg to get in and do more with Philadelphia, with little success.

So that is kind of an academic question. I think it is impossible for the communities that have a system that was built with one structure in mind and finding out that it is quite different, that the suburban areas need contact between job and home in a way that was never anticipated. The urban centers are largely relatively modest income riders, because the higher income end of the population finds other ways to get back and forth, so if they have to go to the public, if they have to go to the tax rolls, it becomes an almost impossible burden.

But beyond that, we have the policy issues. If you think that the locals—State and community, county—have a larger role to play in their share, would you also say that they ought to be assigned the task of meeting the clean air requirements, of dealing with the Americans With Disabilities Act? Can you see them making the difference in response to those needs?

Mr. CLYMER. Well, it is not a matter of them making the difference. In many cases, they are saddled with that task to a great extent, as is private industry. The Americans With Disabilities Act is a civil rights act, it is not a transit bill. Transit has to deal with it just as private industry does. There were no budget dollars put in for private industry. They have to come up with the dollars. Transit will have to cope with the same situation, and we are trying in our fashion to deal with that also.

With regard to Pennsylvania, I think it is probably indicative of problems that many States have gone through. Pennsylvania, I believe, ranks quite high in providing rural subsidies to transit in the country, which represents a very great commitment on the operating side. On the capital side, I think they have lagged somewhat behind many of the States in providing that subsidy.

By the way, I think your amendment probably has been a success in terms of its aiding the visibility of transit and highlighting the problem in Pennsylvania. My understanding is they are working on trying to come to an agreement on some kind of enabling legislation to make that work.

How local areas and States deal with transit is indicative of their commitment to transit, and that is done as a combination of both State and local funding and fares. If you look at the MARTA system, when it was first put together, there was an understanding that they would have a 25-cent fare for the first 6 years. There was a commitment to the inner-city residents to make transit affordable. The tradeoff for this low, stable fare was a State sales tax to provide the rest of the commitment.

In Pennsylvania, there has been no tradeoff. The burden has been largely placed on the inner-city residents in Philadelphia, and as a result, they have one of the highest fares in the country.

Senator LAUTENBERG. And one of the poorest systems.

Mr. CLYMER. Yes; they are trying to deal with that. I think they are at a point where they have reached the top of the elasticity curve. Certainly there is a need for some kind of dedicated funding for transit, and I think that that is going to come as a matter of necessity.

CLEAN AIR ACT RESPONSIBILITY

Senator LAUTENBERG. How about the clean air requirements? Is that a local responsibility?

Mr. CLYMER. I think that is a responsibility that we all have. Certainly, initiatives like the Clean Air Act and the Americans With Disabilities Act are not initiatives that you would expect to spring up from local transit operators. These are initiatives that do connote a Federal role for transit that should be top-down policies.

Senator LAUTENBERG. I would say that it connotes a Federal responsibility. It is impossible for local systems to solve the problem. Highways for the most part are free, and transit costs money, so what happens is these communities are going to be forced more and more to rely on highway and automobile transportation. Therein is the vicious circle. You cannot get out of the pollution problem. You cannot get out of the congestion problem. Does the Federal Government not have an interest in the Nation's mobility at local and regional levels?

Mr. CLYMER. Absolutely. We do have an interest, certainly from a policy standpoint, and also from an implementing standpoint, to do what we can to assist that implementation.

TRUST FUND FINANCING

Senator **Lautenberg**. I would think so. The administration's funding proposal uses only trust funds to finance its programs. In 1992, $1.6 billion was used in general funds for transit.

What are you proposing, because I am not proposing the total elimination for general funding?

Mr. **Clymer**. One of the things we are trying to accomplish is to provide for stability in transit funding as well as predictability. From a stability standpoint, if we can put the funding into the trust fund and fund it under the user fee base, we will then have the opportunity in the future to assure a secure form of funding for transit without having to compete in the general fund against things such as the S&L bailout and other situations like that.

Senator **Lautenberg**. Well, let us not do it with the S&L bailout. The S&L bailout is a perfect indication of where the administration thinks we have to go. They want to put more money in there. You know there are constant appeals. You are aware of programs throughout the Government.

But when it comes to transit, because of the fact that the advocacy is, perhaps, somewhat less vocal or organized, that is where the pinch comes. So, we are not talking about transit needs; we are talking about budgetary needs.

SUFFICIENCY OF $3 BILLION PROGRAM LEVEL

That is what the focus here is. Is a $3 billion program sufficient to meet transit's needs?

Mr. **Clymer**. I think so, based on our projection of needs, on an increase in local share, and on the fact that we are increasing the formula dollars to have more dollars at local discretion to assist these programs.

CAPITAL ASSISTANCE

Senator **Lautenberg**. Without the operating assistance. So you are saying, just take it, do the same thing for capital that we did last year, thereby suggesting that needs have not increased, that systems have not deteriorated, that more investment is not needed. Are you are saying hold capital at the same level, eliminate operating assistance, and, thereby, according to you, Mr. Clymer, we can meet our needs?

Mr. **Clymer**. Well, actually, we are not holding capital at the same level. Capital is increasing quite substantially, and will actually more than cover what is being eliminated in the operating assistance in the areas over 1 million.

Senator **Lautenberg**. Which is the most significant part of the operating assistance money?

Mr. **Clymer**. That is correct. About $500 million.

STATE AND LOCAL MATCH

Senator **Lautenberg**. You talk about a stable base for funding and predictability. Do you think that shifting greater responsibility to State and local authorities which are already strapped provides a stable financial base? I assume you do not see many States, many communities around with surpluses.

Mr. CLYMER. Well, again, I think this goes back to a fact of life in terms of having to deal with these issues. If you look on the highway side, using 1989 numbers the Federal Government has provided approximately $14 billion despite the fact that in many cases it was only a 10-percent local match. Locals put up over $60 billion to match that. So the Federal portion of the capital side was only 18 percent of the total money spent.

If you look at transit, on the Federal level, we spent $3.4 billion and locals put up $1.7 billion. So Federal funding represented 66 percent of the total investment.

Since we have that kind of commitment to highways, I think it is time also for that kind of commitment to transit. It may be that this is the time for a little tweaking from the Federal perspective to get State and local governments to realize that they need to make the same commitment to transit that they have to highways.

Senator LAUTENBERG. So the tweak is around the throat.

Mr. CLYMER. Again, if we look back at what WMATA agreed to last year, an almost 40 percent local match, I think that is the neighborhood that we are asking for.

Senator LAUTENBERG. We have a 2-percent increase over the 1991 levels to provide any help to States in meeting clean air and disability act requirements. Have you analyzed what they need to meet those programs, and does 2 percent do it in your view?

Mr. CLYMER. We come pretty close if you take into consideration the fact that there is the greater local match. We have estimated total needs somewhere in the neighborhood of about $7.5 billion, which includes Federal, State, local, and private investment.

TRUST FUND DRAWDOWN

Senator LAUTENBERG. If we draw down the trust fund, which is the position which is being advocated here, eliminating general funding, is that likely to put transit in a good position to meet their future needs? By eliminating the general fund?

Mr. CLYMER. Ultimately, if we can go to a trust fund-based program, we will certainly put transit in a good position by assuring a stable resource that will always be there.

Senator LAUTENBERG. Are you advocating an increase in taxes?

Mr. CLYMER. No; not at this time.

Senator LAUTENBERG. Not at this time? What time, Mr. Clymer?

Mr. CLYMER. Not at any time. There are certainly some decisions coming down the road in terms of future reauthorizations, but certainly in terms of this reauthorization, there are sufficient funds within the trust fund to meet our needs.

Senator LAUTENBERG. I will call on another colleague for now, my good friend and chairman of the Budget Committee who understands the difficulties of meeting our needs generally, and has a very strong focus on transportation.

Senator Sasser, we are pleased to see you. If you have an opening statement that we can put in the record, we will do that. If you would like to deliver that, we can do that. If you just want to proceed with your interrogation, welcome.

STATEMENT OF SENATOR SASSER

Senator **SASSER**. Thank you very much, Mr. Chairman. And I appreciate your flexibility this morning with regard to my statement. I do have an opening statement that I would like to have included in the record, Mr. Chairman, in its entirety.

Senator **LAUTENBERG**. It is so ordered.

Senator **SASSER**. I want to commend you, Mr. Chairman, for holding the hearing this morning on the administration's proposed budget for the Urban Mass Transit Administration.

I also, Mr. Chairman, might note that the witness this morning, the principal witness, Mr. Clymer, has appeared before a subcommittee of Government affairs, which I chair, which also deals with the metropolitan subway system here, the Metro of Washington.

PREPARED STATEMENT

And I have a statement relative to that that I would also like to have included in the record this morning as if read.

Senator **LAUTENBERG**. It is so ordered.

[The statement follows:]

STATEMENT OF SENATOR SASSER

Good morning. I'd like to commend Chairman Lautenberg for holding this hearing on the Administration's proposed budget for the Urban Mass Transportation Administration. A discussion of our nation's future transit policy is both timely and necessary.

One of the features of the Administration's surface transportation proposal that has received general support is its view towards the development of a truly integrated, multi-modal transportation system. As Americans move into the next century, so too must we broaden and redefine the transportation options that will take us there.

No longer can we view our nation's transportation systems as separate alternatives. We must have a keen sense of how the various transportation modes that we currently utilize, as well as those which we hope to develop, will interact to the economic, environmental, and social benefit of our nation as a whole.

Reauthorization of a Surface Transportation bill must necessarily address the realities of the world in which we live. Recent events in the Persian Gulf have once again brought to the forefront our nation's dependence on foreign oil resources. A national energy policy that effectively promotes conservation should be a major consideration in our discussions of transit reauthorization legislation.

Just last year, the Congress approved the Clean Air Act Amendments. The overriding goal of a cleaner, healthier environment must be integrated into our discussions of our nation's future transit policy. The fact is that carbon monoxide and hydrocarbon emissions pose a serious threat to our nation's health. Environmental and transit policy cannot be determined independently of one another.

And there is the problem of congestion. Everywhere we go these days, the chances are that there'll be a line. Nowhere perhaps is this more frustrating than in the daily commute to work. It is estimated that by the year 2005, traffic congestion will increase to the point where the average worker will spend two years in traffic just traveling to and from work. An effective transit policy must look toward innovative systems management and demand management techniques to alleviate congestion.

These are broad concerns that must be addressed. The Administration's proposed transit reauthorization legislation offers some very specific changes to the future of transit in America. I believe that in considering the Administration's proposed changes, we should keep in mind the impact of the changes on the every day lives of men and women across this nation.

The Administration proposes to eliminate operating subsidies for urbanized areas over one million in population. Many of our nation's poorest citizens live in these areas. They depend on public transportation. In fact, according to a recent Census Bureau report half of our nation's population now lives in large metropolitan areas that exceed the one million population mark. There are currently 39 metropolitan areas with populations exceeding one million persons. These 39 areas are home to some 124.8 million persons or roughly half of our nation's total population. I might note for the record that in Tennessee, the Memphis metropolitan area is very close to the one million population mark. I believe that there is a vital Federal interest in these areas.

At the same time, there are special rural needs that must be addressed in a transit reauthorization bill. Almost half of all rural counties and one-third of small cities presently are not served by public transportation. The transit mobility of the future must effectively incorporate rural America.

There are other issues that will require extensive discussion as we move along in this critical transit reauthorization process. We should view this reauthorization process as a critical opportunity to shape the future of America's transit policy. The level of funding, the degree of innovation that we bring to this process will have long-term implications for the economic vitality of this nation. As we move forward in making these critical decisions about the direction of our nation's transit policy, we should be mindful that the best transit reauthorization legislation ultimately is one that is truly responsive to the needs of the people served.

I look forward to hearing the testimony from Administrator Clymer.

Mr. Chairman, it so happens that Mr. Clymer was a witness before my Governmental Affairs Subcommittee last spring. So was the general manager of Washington Metro, Mrs. Carmen Turner, who's gone on to be the deputy chief at the Smithsonian. I'm pleased to also welcome her successor, Mr. Gunn, to this morning's hearing.

Our hearing last spring had to do with the reauthorization of Federal matching funding to complete the Washington Metrorail system. Now, that was designed as a unified, 103-mile system which would serve and unite all sections of the National Capital area. That is what Congress intended for it to do. I believe that under the old Stark-Harris authorization, by 1993, we'll have 89.5 miles of Metrorail in operation.

But it's critical, in my view, that Congress see this project to completion. We heard this last year from Democrats and Republicans alike. All of us recognize that Metro plays a vital role in keeping the Federal Government running in its "home town," by helping many of the 400,000 members of the Federal work force get to their jobs. More than that, Metro provides a crucial service to the 19 million of our constituents who visit their Nation's Capital every year.

I'd just like to point out, Mr. Chairman, that the Green Line, the last unopened segment of Metro that is supposed to come on line this year, will serve the most transit-dependent part of the area's population. Fairness requires that we do our part to realize the idea of a system that serves all of our people.

I mention this because one of the major segments in that 13 miles that remains to be built, is one that will tie the middle of the Green Line together. Without it, Metro commuters from Prince Georges County will have to get off and feed into the Red Line to complete their trip. This poses some significant congestion, and suggests why we have an interest in helping the "Nation's subway" to get on with the job of designing and constructing the last unfinished part of its layout.

Thank you, Mr. Chairman.

STATE AND LOCAL ROLE

Senator SASSER. I have only two brief questions, Mr. Chairman. I want to commend the administration this morning for their effort to develop a truly integrated, multimodal transportation system.

I think it is imperative that we look at the transportation system in this country, now, in a truly integrated fashion and not look at the various transportation systems or means of transportation as being independent of each other, which we have done in the past. For that, I think the administration is certainly to be commended.

But we have reached a point now in our history where over one-half of this country's population now resides within metropolitan areas with populations exceeding 1 million, and presumably, they work within these metropolitan areas, although unhappily, a lot of them are unemployed at the present time.

But, given this population data that indicates that one-half of our population now lives in these major metropolitan areas, what improvements does the Federal Government propose and what steps does the Federal Government intend to take to assist these local areas, or is the view of the administration that this is principally just a local concern, and we should wash our hands of it at the Federal level?

Mr. **CLYMER**. I think there are a number of areas in which we are trying to assist that we discussed a little bit earlier, and that is the need to provide technical assistance and planning assistance in terms of the Americans With Disabilities Act and the Clean Air Act.

One of the hallmarks of the national transportation policy and our reauthorization is the idea of trying to get back to local areas more local decisionmaking and more local control over their futures.

With regard to State planning for highways, which has been done basically on a State and regional level, and in some places with the MPO's, we would like to see all levels work together to have not only more responsibility, but also more decisionmaking over what they do, taking into consideration all decisions concerning land use, highway use, and transportation use.

Senator **SASSER**. Well, I think that is all well and good, Mr. Clymer, but when we talk about the highway system that we turn back to the States, I wonder where we would be now if we had not passed the Interstate Highway Act back in the 1950's, and of course, without the Federal Government money there, and without Federal standards and Federal guidance, we would still have a hodgepodge of, I think, principally two-lane highways down in my area of the country, with probably four-lane toll roads principally in the Northeast and some of the more affluent areas.

So, it is fine to say we are going to leave it to local people and to local resources, and certainly local decisionmaking has a lot to do with the ultimate policy, but with regard to financing, I think we are going to have to realize that local people and local governments are stretched to the breaking point right now.

I note that on the highway side of the surface transportation reauthorization legislation, the administration proposes the designation of roads of national significance. I think that is the term that is used.

Now, can you identify any corresponding mass transit systems that would be of national significance?

NATIONAL MASS TRANSIT SYSTEMS

Mr. **CLYMER**. It is probably a little difficult to do in transit because transit is more locally oriented. They are commuter systems. They are located in urban and suburban areas.

The interstate highways are a coast-to-coast, north-to-south system that truly is national in the way it ties the country together. So I think there are some fundamental differences between the highway national program and our mass transit program, although there are more parallels to transit in the urban and rural program on the highway side.

As you know, one of the things we have provided in our legislation is the fungibility, or the ability to use virtually 100 percent of the urban and rural program for either transit or for highways, as well as the 15-percent pass-down from the national highway program, and also park-and-rides and HOV lane projects that could be available from the national highway program at even a 90/10 match.

There is a considerable amount of fungibility that has been provided there.

I do not want to give the impression that we are turning the planning process over and abdicating any responsibility for that. Certainly, the transportation improvement programs, the regional plans and State plans that are required on the transit and highway sides are not being done away with. We simply want more local involvement in that process.

Senator SASSER. I would just simply say this, Mr. Chairman. This would conclude my participation this morning. I have to go to another committee meeting, but I would say that it is of national significance to have transit systems in these major urban areas that can move people swiftly and with dispatch from one area to another, particularly, to take people to their jobs and back.

We find that in many of the urban areas that are economically depressed, one of the complaints is that people simply do not have transportation to get from the area where they live to the area where the jobs are.

Of course, it is of great national importance from both an economic standpoint and from a social standpoint to have a system that will move people from their place of residence, many times in some of the less affluent portions of an urban area, to the area where the jobs are. These people have to rely on mass transit.

I simply say that I think if we have a national interest in assisting these so-called local transit systems, it is in the national economic interest. It is, in the long term, national social interest.

Thank you, Mr. Chairman.

HIGHWAY/TRANSIT FUNDING RATIO

Senator LAUTENBERG. Thanks very much, Senator Sasser. I appreciate your contribution to the commentary about the number of people who now live in the larger urbanized areas destined to grow even more, who are being left out of the equation. It does not make sense to me either.

I will continue to pursue our mutual interest with Mr. Clymer and UMTA and the DOT. Thank you very much for being here with us.

Mr. Clymer, you made the point before we concluded our discussion about how much more highway funding has been made available, and seemed to take a degree of comfort in the view that more is going into transportation.

The fact is that since 1980, and even up to present day, there is significantly less money being spent on transit in terms of the proportionality to highways than has been in the past.

In 1980, for every $1 spent on transit, there were $2.20 spent on highways. In 1991 we proposed and enacted $4.50 for highway development and use to every $1 of transit.

Based on the proposal you have offered, by 1996 we will be spending $6 on highways for every $1 that we spend on transit. That does not suggest that we are gaining on it. When you throw in there the requirements for clean air and the new disabilities legislation, as well as the fixed mandate to reduce congestion to make our Nation more productive, you're looking at a growing need. And this does not strike me as being a way to achieve those objectives.

I assume that you agree with what we see generally about congestion, lost time, and environmental problems. How does this growing imbalance between highway and transit funding give us what has been described by the administration as a balanced transportation network? That is Secretary Skinner's commitment. He said that when he first took office. That has been a theme of his which we all salute. How do you see us getting there?

Mr. CLYMER. Let me make a couple of points in terms of the overall funding and funding ratio.

If you add up all of the transit rides, including the 8 or 9 billion transit rides cited by APTA, all the rides for the taxicab delivery industry, and the paratransit rides, you only get up to a number of 16 billion transit rides annually in this country. We are still talking over 250 billion automobile trips and climbing.

Certainly, if you look at the proportionality of the number of rides compared to the overall proportion of highway to transit spending, we are probably doing quite well. However, I am not advocating giving away transit dollars.

I am still a transit advocate. I think our problem with how we deal with congestion is going to be a management problem. Certainly transit is a vital role. It is an important one. Even though transit represents only 5 percent of the rides to work daily on a nationwide basis, it is 95 percent of the work trips into downtown Manhattan, and 40 and 45 percent of the rides to work in cities like Philadelphia and Chicago.

Management is going to be the key to doing that. The balance that we are headed toward in terms of, perhaps, a lack of advocacy or lack of vocalness from the transit area can come from the fungibility between the highway and the transit program.

The fact that there is over $5 billion of highway dollars available for transit certainly provides that balance because if there are areas that cannot build roads because of the Clean Air Act, or because of congestion do not want to build roads, these areas can avail themselves of those funds for transit projects.

Senator LAUTENBERG. You are saying do more with less?

Mr. CLYMER. No; I am saying that there is more available that is fungible that can be used for either.

Senator LAUTENBERG. You are talking about flexibility and management, all the good words, Mr. Clymer.

The fact of the matter is, that you advocate no general fund support for these programs.

Mr. CLYMER. That is correct.

Senator LAUTENBERG. That ultimately results in something less. You even acknowledge that the needs are more by quoting Mr. Mineta, and you did not endorse his estimate of what it is going to take for infrastructure. But I assume you do acknowledge that the needs are greater overall, both highway, transit, you name it.

We are reducing the funding source, so this is principally not a transportation issue but a budget issue.

Mr. CLYMER. Well, again, we have based our budget estimates, not on a proportional test against the highway bill, but based on what our needs assessment was.

Senator LAUTENBERG. Well, you introduced it. You were the one who said that we are spending more for highways, that we are making a greater investment in the transportation need.

Mr. CLYMER. But we have provided the fungibility, we provided the ability to use those dollars for transit.

UMTA FUNDING LEVEL

Senator LAUTENBERG. Let me just make sure that I understand what went into the development of the idea. What did you ask of OMB for transit?

Mr. CLYMER. $4 billion.

Senator LAUTENBERG. $4 billion. And they came up with $3 billion?

Mr. CLYMER. $3.3 billion.

Senator LAUTENBERG. $3.3 billion? Were you whimsical when you asked for $4 billion? [Laughter.]

Mr. CLYMER. No, Mr. Chairman; I am rarely whimsical when it comes to transit.

Senator LAUTENBERG. So, $4 billion down to $3.3 billion is a significant shortfall. Now, I know you are a serious guy. And I know that you requested what you thought was genuinely needed. And I assume that you would not have gotten overreach. They use the term overmatch frequently. But overreach would not have been something you did.

Mr. CLYMER. Well, certainly we are involved in a give-and-take process. We have to consider our budget in terms of the overall deficit reduction act, and in terms of the overall Department budget.

HIGHWAY/TRANSIT FLEXIBILITY

Senator LAUTENBERG. The fungibility factor is one that we also support if you are talking about transfers or discretion at the State level. To what extent, do you think, will highway transit funds transfers take place?

Mr. CLYMER. I think it will take place under two basic circumstances. First of all, I think it will give local areas the flexibility and opportunity to move projects that make chronological sense.

That is not to say there will be a grab of transit dollars from the highway or highway dollars from the transit. But if local areas are able to move a transit project this year because it is ready to go and it makes economic sense to move it, then they will move the dollars over and fund the transit project this year. Next year they will move the money back into a highway project. So that ability to accelerate a project that is ready, saves not only time, but money for local areas.

The second circumstance that we are going to see is the one we discussed earlier, in which areas that are not permitted to build more highways because of clean air problems, or because they are not in compliance, may move the dollars over to transit for transit alternatives. Areas where congestion is significant may avail themselves of the same opportunity.

Senator LAUTENBERG. Have you done any detailed analysis of what kind of numbers might wind up being transferred from one program to another?

Mr. CLYMER. No; we have not. I think it is too early. We have not seen it in operation. I suspect that we will probably see it first in areas such as California, areas that have significant funding available for both transit and highways. They will probably have the ability to use this flexibility first.

BALANCED HIGHWAY/TRANSIT FUNDING

Senator LAUTENBERG. In discussing transit—let me phrase it this way—versus highways, do you believe that proportionality is significant, in terms of more focus by the Federal Government on highways? Because we do acknowledge that disproportion. You even said as much when you talked about the place where the differences ought to be made up. Do you support the notion that more ought to be spent on highways than on transit?

Mr. CLYMER. Well, I think we have to look at it all in the context of the overall transportation budget. We have tried to prepare all of our budgets based on our assessment of needs and within the constraints of the deficit reduction act. So I think we are trying to do a balancing act between them, based on what the overall needs are.

Senator LAUTENBERG. So once again, if we had the funds available, I sense that you would agree that more ought to be spent on transit than we are presently allocating for between the two modes of transportation.

Mr. CLYMER. Well, I do not think any program manager would tell you that he could not spend more money if he had it available. And I certainly would not stretch my credibility by suggesting that I could not. I think, however, that based on our needs assessment, we are fairly close to covering those projected needs.

Senator LAUTENBERG. But how does UMTA assure that the State and local governments, if they are being given a larger part of the responsibility, will be able to balance the funding between mass transit and highways when so much of the emphasis in the past has been on highways? We are not offering much of an inducement to think about transit when we raise the contribution levels that State and locals are going to have to make. The incentive is certainly the other way. Would you not see it that way?

Mr. CLYMER. Well, actually I probably would not. I would see that it was an incentive to encourage them to put more money into transit.

We are trying to level the playing field. There is a considerably greater amount going into highway funding. We think there should be more money, local money going into transit.

I do not think that regions are going to turn down 60-percent money or 75-percent money, whichever it may be, and it may take a year or so to adjust to it. But I think by and large, areas are already coming up with money. We are already seeing enormous overmatching in areas such as Illinois, New York, in California, especially the San Francisco and Los Angeles areas. We are seeing it in Honolulu, where they want to develop a new system.

Senator LAUTENBERG. Primarily new systems.

Mr. CLYMER. No; not just new systems.

Senator LAUTENBERG. Well, Honolulu is not an old system.

Mr. CLYMER. But Chicago is an old system and Los Angeles.

Senator LAUTENBERG. San Francisco is a relatively new system.

Mr. CLYMER. Well, San Francisco is approximately 15 years old.

Senator LAUTENBERG. But they are adding modules to it.

Mr. CLYMER. They are adding new systems, but they also have to refurbish the old. MUNI is certainly an old system and San Francisco is one of the rail modernization cities that relies on us for refurbishing the old systems.

DEDICATED SOURCE OF FUNDS

Senator LAUTENBERG. How many States have a dedicated source of funds to be able to take advantage of the multimodal flexibility?

Mr. CLYMER. We can provide that for the record, Mr. Chairman.

[The information follows:]

DEDICATED SOURCE OF FUNDS

Under the proposed language governing use of flexible highway and transit funds, a substantial dedicated source of transit funding would only be necessary (as determined on a case-by-case basis by the Secretary) in cases where highway funding sources could not be used for transit purposes. Even then, the key is a balanced local approach and not necessarily a dedicated funding source for transit.

Nevertheless, dedicated sources for transit are quite common. In 1990, sixteen States reported transportation funds or dedicated sales taxes, fuel taxes, or turnpike revenues available for transit. In addition, several States enable localities to levy substantial dedicated taxes for transit, such as Missouri and Texas.

The healthy diversity of our State and localities requires, however, a case-by-case approach to determine local balance.

TRANSFER FUNDS

Senator LAUTENBERG. Would States without a dedicated source of funding be allowed to transfer funds from highways to mass transit projects?

Mr. CLYMER. Yes they would. In keeping a level playing field, we wanted the decisionmaking at the local level. For example, if my State of Pennsylvania does not have dedicated sources for transit, they would have to go to the State general fund to find matching funds for transit. This might take a year or two, and might cause a decisionmaking by the MPO to skew toward a highway investment because they could go to the State highway trust fund.

If you were moving moneys out of transit into highways, for that highway project you would not be eligible to go to the State highway trust fund to fund it. You would have to go to the State general fund, just as you would for the transportation project.

So in considering those projects, it has to be done with a level playing field, that is identical matches in both of the funds and a similar source of State funding.

OPERATING ASSISTANCE

Senator LAUTENBERG. The administration's rationale for eliminating operating system subsidies for urbanized areas greater than 1 million in population is that the Federal assistance, on average, makes up 4 percent of the large transit system's operating budget. What indication do you have that the large cities can make up this cut? I guess if they have to they can make up the cut by eliminating some of the service. How many of the larger cities, especially the more mature cities, have the capacity to make up the differences that we are asking them to deal with?

Mr. **Clymer**. Well, I think that over the short term, they will be able to deal with this without a tremendous amount of discomfort. Again, in many of the places, the amounts they are dealing with are really less than 1 year's worth of inflation. On the average it is 5 or 6 percent. In some cases it is only a couple of percent. I think these areas would have to make very small adjustments, if any, in service levels in order to accommodate that.

Again, many of these areas are spending much more for transit than just to match the Federal funds already. So the decision makers at the local level will have the option of shifting their funds around to simply replace the Federal operating assistance that has been removed. They can take the State and local funding for capital on one side, and move it over to operations and let us fund the capital.

Senator **Lautenberg**. Do you see any problem with that thinking in terms of competition between State capitals and city needs?

Mr. **Clymer**. No; I do not think so.

Senator **Lautenberg**. Well, we just talked about Pennsylvania.

Mr. **Clymer**. Well, Pennsylvania needs to come up with additional funds. They have an overall problem.

Senator **Lautenberg**. You have looked at the problems, let us say in New York State, their deficit and the city's needs. I am not slow in numbers, but I cannot figure out where these cities are going to be able to come up with the funds.

Have you canvassed these cities' transit systems and asked them how they plan to deal with the shortfall?

Mr. **Clymer**. Well, I think we could project out by looking at the types of funding that they have and we have agreed to provide that for the record in terms of how they are funded locally. No; we have not canvassed them specifically. Certainly, they are not thrilled with the prospect of having to go back to either the local or State level——

Senator **Lautenberg**. That is putting it mildly.

Mr. **Clymer**. And trying to replace the operating funds with State or local dollars. If you looked out into the future and asked any of them how they would feel 5 years from now if the State had come up with an additional local match to cover the operating expenses, they would see that we are providing not only the same capital, but more to offset the loss of operating assistance. So the net dollars coming into them, in fact, represents an increase. But I think they would have to agree that they will be better off.

OPERATING ASSISTANCE TO NEW JERSEY

Senator **Lautenberg**. That is an interesting thought on your part, that they will be convinced that they are better off. I have not heard that. Tell me something. You know that I have a specific interest as well as a national interest in New Jersey. Have you figured out how much the State will lose in operating assistance that goes to New Jersey Transit [NJT] and what percentage of that is of their budget?

Mr. CLYMER. I do not know what the specific amount of operating assistance to New Jersey is in terms of the overall apportionment. I do have——

Senator LAUTENBERG. Well, I am sure you are not surprised, but I have the number. It is approximately $36 million in operating assistance; and if, as the administration has recommended, NJT pays a higher percentage of the Northeast corridor maintenance costs to Amtrak, their cost might go up by another $20 million. Do you have any idea of what percentage of their budget that might be, $56 million?

Mr. CLYMER. No; I am not aware offhand of that.

Senator LAUTENBERG. I can tell you it is about 10 percent, and that kind of tells you something about these averages. You talked about 4 percent. Some of them may be better off than others. But if we are talking about existing systems that have been around a long time.

Do we know what the absolute dollar amount and percentage loss of operating subsidies for the urbanized areas represented on this subcommittee are? We have Baltimore, you heard from Senator D'Amato about Buffalo and New York. We have Milwaukee and Portland, OR. Do you have that information or is that not available?

TRANSIT PROFILES

Mr. CLYMER. What we might do, Mr. Chairman, if I might, is we have a report that is one of the byproducts of our section 15 reporting system, transit profiles for 30 large agencies that we have recently put out. In fact, this is just an advanced copy, and if I might provide this for the record, this gives much of that information.

Senator LAUTENBERG. Yes, thank you.

[CLERK'S NOTE.—The above referenced material is being retained in the subcommittee files.]

TRANSIT FARES

Senator LAUTENBERG. I think it is fairly well understood that fares charged for transit are not set in stone. When local authorities have to raise fares, there is often a drop in ridership.

Have you had a chance to try to forecast the potential loss of ridership if fares have to be raised to make up for the operating subsidy cuts?

Mr. CLYMER. Well certainly, if I were to go back to the Philadelphia system, I would say that it is a shifting of dollars over to capital so they would still get the $28 million that goes into Philadelphia and be able to use it for capital. They would have to take some of their other local funds and move it over and use it for operations instead.

If you think of it as a replacement, which it is not, it would be a considerable fare increase if you were to put 100 percent of the burden of that onto the local riders. Our feeling is that is not necessary. They can simply shift the local dollars to cover operations because the systems are responsible for operating decisions such as fare increases and wages letting us concentrate on capital investment and infrastructure.

Senator LAUTENBERG. Would there be any burden, would you think, on the passenger at all? It is pretty hard to devise ways to get it all out of other revenue sources. And if that is the case, if the rider has to pay a significant portion of the revenue lost from the Federal Government, should we not be developing a transit system that attracts rather than drives passengers away? Would you think that is an objective, by the way, of good transit policy?

Mr. CLYMER. Oh, no question. We are not advocates of trying to lose transit riders. We are not advocates of forcing fare increases or driving riders away from any of the transit systems. Our feeling is that those problems would not be a net result of our taking this action.

CAPITAL ASSISTANCE

Senator LAUTENBERG. Well, do you not think, though, if you eliminate operating assistance and substitute for it with capital contributions, that we will have a problem with different spend-out rates? One is immediately felt. The other takes some time to have an effect. So the decline in assistance is a burden that has to be picked up very quickly.

Mr. CLYMER. I do not think that that is going to represent a problem given the fact that most States budget their capital. Their capital is not based on spend outs, but on the project in its entirety. They are funded on a cash-in, cash-out basis.

Senator LAUTENBERG. There is obviously a difference of view on that because, one, the rider is going to have to step up to the plate immediately. If you say that we had the kind of capital infusion that is required to get these systems all up to grade, I think you could be right. But that is a long way from being a reality.

TRUST FUND DRAWDOWN

Mr. Clymer, I want to discuss the trust fund for a moment. There is going to be a significant drawdown as we eliminate the use of general funds, and expecting that the one-half-cent increase that we recently got expires, that would, therefore, then leave the transit program after 1995 at only $1.7 billion. Under your reauthorization proposal the transit program level would be $3.3 billion for several years. Then as we see the reliance totally on the fund in the short term, it leaves the trust fund a lot weaker for the long term.

Is it possible that a $1.7 billion program after 1996 would come close to meeting the transit needs in our country?

Mr. CLYMER. Well, clearly, our program, based on the $3.3 billion level, can only be sustained through about 1998. And that is assuming that the extra one-half cent for transit is not reauthorized after 1995. If there is no roll back, then the $3.3 billion program could actually be sustained beyond the year 2001 for another 5-year authorization program.

But, clearly, I think in terms of the proposal that we have on the table for the current authorization, we can sustain that level adequately for this reauthorization.

Senator LAUTENBERG. Right. But after that we are looking at a pretty grim situation if nothing else happens, right?

Mr. CLYMER. If the one-half-cent——

Senator LAUTENBERG. If the drawdown is going to have an effect?

Mr. CLYMER. Absolutely. What we have been hearing last year from transit operators and Governors is to spend down the trust fund. And that is what we are trying to do.

Senator LAUTENBERG. They assume that it is going to be replenished, and you are assuming that it is not?

Mr. CLYMER. Well, I would think at some point that we are going to have to make a decision as to whether we want to continue the program. And certainly a user-fee basis is what we would recommend.

Senator LAUTENBERG. It looks to me like the people who did that proposal did the design of the S&L bailout program. We are liable to have to come around in a couple of years begging and pleading.

SUBMITTED QUESTIONS

We are going to submit other questions, Mr. Clymer, for the record, and we would appreciate a prompt response to them. We believe that has been the case with your agency. We thank you very much for being with us this morning, and for continuing to understand that the advocacy of transit that you came to this Federal Government with seems to be waning. And I would encourage you to try to regenerate your energy on behalf of the folks that you used to be so anxious to serve, maybe because the darts were nearer.

We are going to need your cooperation. You are going to stay at the table, I understand it, when Mr. Gunn appears. And we thank you very much. Is your colleague going to stay also?

Mr. CLYMER. Yes; thank you, Mr. Chairman. We will provide those responses promptly.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

OPERATING ASSISTANCE CUT

SENATOR LAUTENBERG: Mr. Clymer, the administration's rationale for eliminating operating subsidy for urbanized areas greater than 1 million in population is that federal assistance, on average, makes up 4 percent of a large transit system's operating budget. What proof do you have that large cities can make up this cut?

ANSWER: We believe that operating assistance is a local responsibility since fares and service decisions are made at that level. But we are not proposing to restrict the smaller areas from using their Section 9 funding for operating assistance since they are so much more dependent on Federal operating assistance. For example, areas under 200,000 population get an average of about 24 percent of their budget from Federal operating assistance.

We believe that there are a number of ways in which the cut in Federal operating assistance can be made up. First, the proposal does not call for a reduction in total assistance. Areas can move local funds now being used for capital purposes to operating assistance. Second, in many areas, the amount of Federal operating assistance which would be lost represents only about one year's inflation in local operating costs. Areas can redouble their already successful efforts to control costs. In recent years, transit operators have used a wide variety of measures to keep costs under control, ending a long trend of steadily increasing real costs. Third, State and local governments have already increased their share of transit operating expenses. The State share has increased from 14 percent in 1981 to 19 percent in 1989, an increase of $0.9 billion to $2.6 billion. The local share of operating costs has increased from 27 percent to 35 percent, from $1.8 billion to $4.8 billion.

SENATOR LAUTENBERG: Have you canvassed each and every transit system that would lose funds? What has been their reaction?

ANSWER: Our decision to propose that funds currently available for operating subsidies in areas with populations over a million be shifted to capital investment was not reached on the basis of consensus among our grantees; it is a policy position that is based on an appropriate Federal role in mass transportation assistance. Many of the same grantees who have expressed public disappointment with the loss of Federal operating subsidies have also given assurances that of the two programs, capital and operating, they prefer to see strengthening of capital assistance.

SENATOR LAUTENBERG: Averages alone do not tell the full story. Specifically, how much operating assistance would New Jersey Transit lose, and what percentage is that of their budget?

ANSWER: New Jersey Transit gets most of its funding as a part of the Section 9 allocation to the New York-Northeastern New Jersey Urbanized Area. In FY 1991, the area had a Section 9 allocation of $425.5 million, of which $134.4 million could be used for operating assistance. In FY 1992, under our proposal, the area would get a Section 9 allocation of $727.9 million, all of which would have to be used for capital assistance. By local decision, New Jersey gets about 1/3 of the area's total apportionment and operating assistance cap, or about $45 million in operating assistance in FY 1991. New Jersey Transit had an operating budget of $600 million in 1989, the last year for which Section 15 data is available. The operating assistance cap thus represents about 7 percent of the New Jersey Transit budget.

SENATOR LAUTENBERG: Similarly, what is the absolute dollar amount and percentage loss of operating subsidy for the urbanized areas represented on this subcommittee, like Baltimore, Buffalo, Milwaukee, New York, and Portland.

ANSWER: Under our proposal, none of the areas would have a reduction in the total amount of Federal formula assistance they would receive under the Section 9 program. At present some of the Section 9 funds can be used for operating assistance. Under our proposal, all Section 9 funds in areas over one million would have to be used for capital purposes only. The maximum amount of Section 9 funds which can now be used for operating assistance in these areas, and the share that that amount represents of the total operating budget for transit in that area is as follows:

	FY 1991 Oper Avail	Share of Oper Budget
Baltimore, Maryland	9,889,793	7.1 %
Buffalo, New York	6,094,728	11.6 %
Milwaukee,Wisconsin	5,554,521	7.3 %
New York, N.Y.-NE NJ	134,413,023	2.4 %
Portland, OR-WA	4,475,270	5.0 %

SENATOR LAUTENBERG: Fares charged for transit are not price inelastic. When local authorities have to raise fares, there is often a drop in ridership. Have you calculated the potential loss of ridership if fares have to be raised to make up for the operating subsidy cut? If so, what were the results?

ANSWER: Implementation of our proposal need not result in any ridership loss at all. Fare increases would be only one of several options available to local transit policy makers.

State and local governments could increase their operating subsidies. State and local capital funds that would be replaced by the increase in Federal capital grants could be redirected for operating subsidies. Cost savings could be achieved through competitive contracting for selected services.

Even in the unlikely event that modest fare increases were necessary, there is no need for them to reduce ridership. A number of systems in the past few years have adopted innovative fare policies--often called "deep discount fares"--that increase both fare revenues and ridership simultaneously. The deep discount refers to the practice of assessing sharply lower fares on regular transit users, allowing higher fares on infrequent users. Studies show that people who seldom use transit are not sensitive to sharply higher fares than normally prevail.

By targeting fare increases to such passengers, Chicago, Illinois, increased fare revenue by 7 percent and ridership by 1.5 percent. Oakland, California increased its fare revenues by 14 percent while ridership decreased by 1/2 of 1 percent.

Deep discounting is also being applied in Denver, Miami, Milwaukee, Minneapolis, and several smaller systems, and it is being considered by many additional systems.

Incidentally, local deep discount fare policies would be greatly encouraged by more favorable tax treatment of transit pass programs because advance purchase of ticket booklets and monthly passes for regular transit users lie at the heart of the deep discounting strategy.

If transit managers ignored the alternatives to across-the-board fare increases, ridership could be affected. We have calculated--for the 30 urbanized areas with populations over one million--the amount average fares would have to increase to replace current Federal subsidies (based on 1989 data), and the resulting effects on ridership. The ridership loss in these cities would be approximately 3.8 percent of trips in these 30 cities, or 270 million trips per year. The rule of thumb is a 3 percent ridership loss for each 10 percent fare increase.

SENATOR LAUTENBERG: Don't you think that we should develop a transit policy that attracts riders rather than driving them away?

ANSWER: The most effective Federal role in helping public transportation to attract passengers is to (1) provide a stable and reliable financial base for transit facilities and equipment; (2) foster strong local and State transportation planning and decisionmaking; and (3) promote mobility options and improve transit performance through research, technical assistance, demonstration projects and planning support. Our reauthorization proposal embodies these policies.

It has been amply demonstrated that in urbanized areas with populations over 1 million, Federal operating assstiance has had very limited impact on ridership because (1) the Federal share of costs in these cities has been comparatively small and (2) the benefits to riders have been diluted by unit cost increases that coincided with the funding increases in the early years of the program.

SENATOR LAUTENBERG: Have you calculated the increased operating costs to urban areas for meeting the new requirements of the Clean Air Act and the Americans with Disabilities Act?

ANSWER: The increase in operating costs from meeting the requirements of the Clean Air Act will be a negligible additional expense. Furthermore, the bulk of this expense is expected to be in the capital area; that is, from new engine designs and bus modifications. In certain urbanized areas that are currently in non-attainment for air quality, we expect that State air pollution laws will require measures beyond those mandated under the Federal Clean Air Act. We do not know, at this time, the likely effect of these State requirements on urban bus operations.

We are now developing the regulations to implement the Americans with Disabilities Act. A preliminary Regulatory Impact Analysis has been completed, which indicates that significant operating cost increases will be generated nationwide by the rule as currently drafted. However, it is apparent that the increases in operating costs that result from the ADA will not be uniformly distributed. For example, it is likely that 35 or so of the most transit-intensive urbanized areas affected by the ADA will face 80 percent of the increase in operating costs generated by the rule as it is currently drafted. The rule could change significantly, as could its economic impact, following the comment period and its final publication in late July of 1991.

SENATOR LAUTENBERG: Don't you think it would have been responsible of you to calculate the increased operating costs from the Clean Air Act and ADA before proposing the elimination of the operating subsidy?

ANSWER: We recognize that compliance with the Clean Air Act and the Americans with Disabilities Act will increase operating costs, but the Federal, State and local governments will have to work together in meeting these new requirements. Our budget includes additional funding to help grantees meet the capital costs of compliance with these new pieces of legislation.

OVERALL PHILOSOPHY

SENATOR LAUTENBERG: The administration's funding proposal would use only trust funds to finance its programs. In 1991, $1.86 billion in general funds were used for transit. Why are you proposing the total elimination of general funding?

ANSWER: UMTA is proposing to eliminate general funding in order to foster a sound financial base for transit funding through the use of user fees, as set forth in the Administration's National Transportation Plan (NTP).

Except for the separate $80 million Washington Metrorail authorization, our FY 1992 budget and legislative proposals for transit call for a total use of trust funds to finance the Federal transit program ($3.25 billion), versus $1.86 billion general fund and $1.4 billion trust funds in FY 1991.

Historically, UMTA's general fund program has been cut during periods of budget constraints. UMTA's general fund appropriations have been reduced from $3.02 billion in FY 1984 to $1.86 billion in FY 1991, or a reduction of 38.4 percent. However, trust fund program levels have increased slightly from $1.23 billion to $1.40 billion during that same period.

Finally, from the transit grantee perspective, a greater emphasis on trust fund financing will provide State and local decision makers with a more predictable and stable Federal funding stream upon which to base investment decisions.

SENATOR LAUTENBERG: Is the elimination of general funds strictly a budget decision, or a reflection of a policy?

ANSWER: The proposal to eliminate general funds is a reflection of policy, specifically, the National Transportation Policy (NTP) for public transit.

First, reliance on the proceeds and unspent balances of the trust fund is consistent with the NTP which says, "Spend trust fund balances over time in a fiscally responsible way." In our highway and transit proposals, trust fund balances are spent down in a way that ensures the integrity of the trust fund.

Second, the NTP also sets forth reliance on trust fund financing in order to achieve the goal of fostering a sound financial base for transit and to assure that transportation users pay for the benefits they receive. This change also is a continuation of a trend that the Congress initiated back in 1974, and has expanded in various reauthorizations since then.

Finally, the switch to a Federal transit program which is financed entirely from the trust fund also will result in stable and flexible Federal transit assistance. A stable atmosphere will enable State and local governments to reasonably predict their level of Federal funding from one year to the next, and to make plans accordingly. Flexibility will allow local officials to choose the most effective transportation project to fit their needs, and not be forced to accept the projects that fit the funds they have left in various program categories.

SENATOR LAUTENBERG: What is the basic philosophy underlying your reauthorization proposal?

ANSWER: The Urban Mass Transportation Administration's (UMTA) reauthorization proposal is based upon the principles of stability and flexibility: stability in the stream of Federal assistance, so State and local governments can reasonably predict their level of funding from year to year and plan accordingly; and flexibility, so local officials can choose the most effective transportation project to fit their needs, rather than those that merely fit the various program categories for which they have remaining funds.

Specifically, the proposal is designed to:

1. Provide for more intermodal flexibility in the use of transportation assistance; assure parallel construction between modal assistance programs.
2. Increase the leverage of the Federal investment and the commitment of State and local governments to the projects being supported.
3. Focus Federal funds first on the maintenance of existing infrastructure while providing for new investments where they are cost-effective.
4. Increase the role of States in transit.
5. Increase efforts in transportation research and improve the decisionmaking process at the state and local level through an enhanced commitment to multimodal transportation planning.
6. Recognize the increased importance of rural transit.

SENATOR LAUTENBERG: Do you really think a $3 billion program meets transit's needs?

ANSWER: We estimate the cost to recapitalize the existing transit systems at between $3.0 and $3.7 billion per year. This estimate of "basic recapitalization needs" is derived as shown in the following table:

Bus Funding Requirements

Cost of Buses:
12-year replacement cycle:
4,200 buses/year @ $200,000 = $840 million
(15-year replacement cycle:
3,300 buses/year @ 200,000 = $660 million)
Cost of Facilities:
One-half bus cost = $420 million

Total Cost of Maintaining Urban Transit Bus Services = $1,260 million

Cost of Buses/Vans in Rural Areas:
2,000 buses/year @ $55,000 = $110 million
Cost of Facilities in Rural Areas:
One-half bus cost = $55 million

Cost of Buses/Vans for Section 16(b)(2) Supported Services:
4,000 buses/year @ $40,000/2 = $80 million

Total Cost of Maintaining Urban, Rural, and Specialized Bus Infrastructure = $1,505 million

Rail Modernization Funding Requirements

Total Cost from Rail Modernization Study, Inflated to 1990 Dollars = $1,500 million -TO- $2,200 million

TOTAL RECAPITALIZATION NEED $3.0 to $3.7 billion

A 60 percent Federal share of these costs would require $1.8 to $2.2 billion dollars annually. The Administration's proposal of $3.3 billion provides an adequate level of funding to meet these needs.

SENATOR LAUTENBERG: Do you really believe that shifting greater responsibility to already strapped state and local authorities helps provide a stable financial base?

ANSWER: Portfolio diversification is one of the most effective means of stabilizing an entity's financial base. Heavy dependence on a single source of income leaves one vulnerable to shocks experienced by that source.

With the large Federal deficit, the Federal government's financial difficulties are as serious as, or even more so than, virtually any State or locality; much greater intergovernmental cost sharing is necessary than in the past to ensure that unnecessary sacrifice of our infrastructure is avoided.

In the last decade, States and localities have established that they have the political will and financial ability to increase their support for transit. In 1990, States contributed $4.8 billion in direct and indirect funding for public transportation, an increase of 37 percent over the 1984 State amount of $3.5 billion (in constant 1990 dollars). As a result of our recent "over-match initiatives," many grantees have already increased the proportion of local capital investment they are making. This is almost universally true for New Starts.

Additional State, local, and/or private investment in major transit projects will help ensure more prudent project design and control. With the Federal government funding at the 75 or 80 percent level, there is less incentive for local cost control.

The increased flexibility for State and local governments in the use of Federal highway and transit grants, as described in the reauthorization proposal, can result in more flexibility in State and local match for these funds and thus increase the availability of non-Federal match funds for transit. It is expected, for example, that State and local dedicated highway funds could be used to match Federal transit funds.

SENATOR LAUTENBERG: Do you really believe that a 2 percent increase over the 1991 level provides any help to states and locals in meeting Clean Air Act and Disability Act requirements?

ANSWER: We believe that a $3.3 billion program will provide an adequate level of Federal funding to meet these requirements, as well as to maintain transit's capital infrastructure.

By focusing Federal assistance on capital, we have provided for an adjusted increase of $684 million in FY 1992 over the FY 1991 capital formula funding program (Section 9). This increase can be used to improve mass transit accessibility as required under the Americans with Disabilities Act and to assist authorities in covering the incremental costs associated with the President's initiative to improve air quality under the

provisions of the Clean Air Act Amendments. In addition, approximately $3.9 billion per year in FHWA's Urban and Rural Program will be available for transit projects at local option, which could be used to help meet these requirements.

SENATOR LAUTENBERG: Do you really believe that drawing down the trust fund without any general funding leaves transit in a good financial position to meet the future?

ANSWER: The Mass Transit Account has continued to accumulate a substantial balance. Consistent with Congressional suggestion over the past several years, we are proposing to spend down this surplus. Funding transit from the trust fund has proven to be a stable source of funds, while general funding has continued to shrink. Spending down the trust fund will certainly mean that at some point in time the concept of a fully trust-funded program will have to be revisited, just as we are now revisiting transit's Federal funding structure as established by the 1987 STURAA. Over the next five years, the Mass Transit Account is clearly able to support a program level in excess of $3 billion per year, and still be in a strong position for the future.

HIGHWAYS VERSUS TRANSIT

SENATOR LAUTENBERG: Why is the administration allowing a greater transfer of transit funds to the highway program than vice-versa?

ANSWER: The amount of highway funds available for transit would increase from about $5 billion in 1992 to about $7.4 billion in 1996. That represents 32 percent of the highway program in 1992 and 37 percent in 1996.

The amount of transit funds available for highways would be about $2.6 billion through the life of the reauthorization.

Thus, in 1992 nearly twice as much highway funds are available for transit than vice-versa; in 1996 nearly three times as much highway funds are available for transit than vice-versa.

Proportionately, if 32 percent of 1992 highway funds were available for transit, that would be a fourfold increase in the approximately 8 percent of highway funds that are currently available for transit. That's real improvement.

SENATOR LAUTENBERG: Your surface bill proposes a funding level of approximately $15.7 billion for highways and $3.3 billion for transit, an almost five to one emphasis. Don't you believe that this imbalance will be exacerbated by allowing the greater transfer of transit funds over to the highway ledger?

ANSWER: The amount of highway funds available for transfer to transit would be in 1992 nearly twice the amount of transit funds available for highways; the disparity would increase to three times in 1996. This is a real plus for the Federal transit program.

The proposed funding levels are based, in part, on estimates of funding needs in the two modes. Therefore, the question of "imbalance" as to comparative funding levels is really not an issue.

SENATOR LAUTENBERG: To what extent to you believe highway/transit transfers will take place?

ANSWER: We expect to see immediate interest in intermodal funding transfers and we expect transfers and trade-offs to become more common over time as various local, State and Federal institutional barriers begin to erode.

It would help if the Federal legislation eliminates disparities in Federal share and develops parallel construction to remove barriers to the maximum flexibility of the Federal transportation dollars. The eventual extent of transfers might be a fair measure of our success in removing barriers, biases and penalties.

SENATOR LAUTENBERG: Mr. Clymer, the Administration's proposal continues and exacerbates the trend of spending greater and greater sums for highways versus transit. Why?

ANSWER: I do not believe that our Administration's budget emphasizes highways at the expense of transit.

First, the Administration's request for transit ($3.3 billion) is up $1 billion (or 43 percent) over the request last year. It is also 2 percent higher than the FY 1991 appropriations total for UMTA. Thus, this request re-affirms the Administration's and my support for a steady and continuing Federal role for transit.

Secondly, your comparison of highway versus transit funding includes some $7.7 billion in highway funding for the National Highway System, which has clear National significance. The Interstate highway system binds the Nation together. FHWA funding for the Urban and Rural highway program, which funds regional/local highway projects, is a fairer comparison with the transit program. In FY 1992, the Administration proposes to fund highway's Urban and Rural program at $3.9 billion, just $1 billion above the $2.9 billion to be made available under transit's formula and discretionary programs. Factoring in the difference in the number of highway versus transit trips each day, I do not think transit funding was shortchanged in the Administration's proposal relative to highway funding.

SENATOR LAUTENBERG: Do you think this imbalance going from 4.5 to 1 in 1991 to 6 to 1 by 1992 under the administration's proposal is going in the right direction?

ANSWER: The proposed funding is certainly going in the right direction. To call the disparity in funding needs an "imbalance," misstates the nature of current transportation needs in this country. The country is entering a new era in which the repair and maintenance of system will receive much greater emphasis than in the past. The funding disparities merely reflect those maintenance and repair costs as between the modes.

Moreover, preservation of existing transit infrastructure is usually the most effective use of transit funding in terms of retaining passengers and conserving the economic vitality of cities which depend a great deal on transit.

Our proposals for highway and transit funding are reflective of the relative needs of highways and transit and thus strike a proper balance between the two modes.

SENATOR LAUTENBERG: How will UMTA ensure that state and local government will balance funding between mass transit and highways when their primary emphasis has traditionally been on highways.

ANSWER: States which neglect transit nowadays are the exception rather than the rule. Today, state governments are the leading source of transit funding. According to the American Association of State Highway and Transportation Officials (AASHTO), States provided $4.8 billion for public transportation in 1990 compared to the $3.0 billion provided by the Federal government.

In addition, our proposed legislation contains language to ensure that the transfer of transit or highway funds to the other mode not be prejudiced by a lack of balance in State or local funding between the modes.

SENATOR LAUTENBERG: How many states have a dedicated source of funds to take advantage of multi-modal flexibility?

ANSWER: Under the proposed language governing use of flexible highway and transit funds, a substantial dedicated source of transit funding would only be necessary (as determined on a case-by-case basis by the Secretary) in cases where highway funding sources could not be used for transit purposes. Even then, the key is a balanced local approach and not necessarily a dedicated funding source for transit.

Nevertheless, dedicated sources for transit are quite common. In 1990, seventeen states reported transportation funds or dedicated sales taxes, fuel taxes, or turnpike revenues available for transit. In addition, several states enable localities to levy substantial dedicated taxes for transit, such as Missouri and Texas.

Furthermore, upon enactment of our proposal, we would expect many more States and localities to modify their own legislation and finances to take advantage of the Federal flexibility.

The healthy diversity among our States and localities requires, however, a case-by-case approach to determine local balance.

GAS TAX

SENATOR LAUTENBERG: The transit trust fund now receives revenue based on a 1 and 1/2 cents tax on gas. My understanding is that the Administration plans to let the recently enacted 1/2 cent tax for transit lapse, but continue the tax dedicated for highways.

ANSWER: The additional gas tax is treated equally for transit and highways. Under the Omnibus Budget Reconciliation Act of 1990, P. L. 101-508, all additional taxes imposed on motor fuels by this Act would lapse after 1995. This would include the additional 1/2 cent per gallon tax for transit as well as the additional 2 cents per gallon tax dedicated to the highway program. After 1995, the Federal motor fuel tax would return to the 9 cent level that existed prior to the Act, with 1 cent dedicated to transit and 8 cents dedicated to the highway program.

SENATOR LAUTENBERG: As transit administrator, what would you recommend regarding the tax?

ANSWER: I am fully supportive of the Administration's reauthorization proposal, especially with respect to the gas tax and its use for transit. Our proposal will spend down the large cash balance in the Mass Transit Account over the next five years. Toward the end of this period, we will of course have to jointly address the funding sources for transit as we now do every four or five years. But, our proposal will still leave a strong, financially solvent trust fund, contrary to the expectations of many.

SENATOR LAUTENBERG: The Administration's plan is to spend down the transit trust fund so there is a projected balance of $400 million in 1996. If a half-cent of the 1 and 1/2 cent tax lapses as proposed, what level of program can the trust fund sustain?

ANSWER: As you noted, the additional 1/2 cent tax for transit lapses after 1995. Thereafter, annual tax revenues to the transit account of the trust fund are projected to be about $1.7 billion; or, about half of the current program level. The $400 million surplus, plus accrued interest earnings, could only sustain the FY 1996 $3.3 billion program level through FY 1998. A $3.3 billion program level would fail the Rostenkowski test in 1999.

If the surplus and interest earnings are averaged over another 5-year reauthorization (1997-2001) beyond 1996, the transit account can sustain a maximum $2.0 billion average annual program level.

TRANSIT TRUST FUND

SENATOR LAUTENBERG: Under your reauthorization proposal, the transit program level would be $3.3 billion for several years. But your exclusive reliance on the fund in the short term leaves the trust fund considerably weaker in the long term. Do you really believe that a $1.7 billion program after 1996 would come close to meeting transit's needs?

ANSWER: Before the expiration of this next five year reauthorization proposal, we will again have to revisit the funding sources for the Federal transit program. Options do not have to be limited to just the Mass Transit Account.

SENATOR LAUTENBERG: Do you really think that a proposal that leaves transit with less than half of the funding it now has is a responsible proposal?

ANSWER: Our proposal is responsible in providing a stable and reliable financing plan for transit through 1996 and ensures the financial integrity of the trust fund by maintaining a $425 million surplus at the end of 1996.

Consistent with a widely held view in Congress that the surplus in the Mass Transit Account should be spent down, we are proposing to do just that.

SENATOR LAUTENBERG: Are transit's needs going to be less than half of what they are today?

ANSWER: With increased urbanization, transit's needs will probably increase. However, states and local governments have shown an increased willingness and ability to meet a greater share of transit's needs. The Federal role in transit should be one of maintaining the existing capital infrastructure. Our reauthorization policy is consistent with this policy.

CLEAN AIR AND ENERGY ISSUES

SENATOR LAUTENBERG: How did you factor late enactment of the Clean Air Act into your 1992 transit request?

ANSWER: The Clean Air Act of 1990 underwent many changes during its debate and ultimate enactment. Predicting its effects on transit programs would have been difficult, at best. In addition, it became apparent that different regions and different urbanized areas within a region would be affected to very different degrees. When faced with this conclusion, and recognizing that other requirements (such as the Americans with Disabilities Act) would also have to be accommodated within existing programs, we realized that local decisions should govern the funds allocation process. We have therefore made all capital funds available, at local option, to meet the requirements of the Clean Air Act or the ADA.

Different communities will have differing needs. Some will face increased expenditures for clean air, and others, who may enjoy cleaner air and less congestion, may be required to increase expenditures to meet the needs of persons with disabilities. The pressures to make these expenditures will vary by community, and it is unlikely that a Federal decision process will meet very specific local needs.

SENATOR LAUTENBERG: How is the National Energy Strategy reflected in ~~your~~ budget request?

ANSWER: Aside from the fact that increased use of mass transit will result in significant energy savings, the National Energy Strategy reflects close cooperation between DOT and DOE. Our budget request supports the Energy Strategy most directly through the flexibility of funds proposal. Section 9 and Section 3 funds would be eligible to fund a variety of projects which can reduce energy use, such as an HOV lane. By the same token, certain funds in the highway portion of our authorization (section 102(d)(4) and 104(c)) would be eligible to fund transit projects. This allows significant funds to be marshalled for specific, energy-saving or air-quality related projects. It allows the flexibility required at the local level, to recognize an energy-saving or air quality need and to meet it.

Other ways in which the Energy Strategy is reflected in our budget request include the University Research Centers, our Technical Assistance program which will provide $1 million to the DOE in 1992 for fuel cell research, and various other programmatic efforts.

SENATOR LAUTENBERG: What specific proposals are in your budget or reauthorization bill that could be regarded as lessening our dependence on foreign oil?

ANSWER: Both the Section 3 and Section 9 programs are eligible to fund projects that reduce consumption of petroleum-based fuels, by reducing single-occupant vehicle use. For example, both highway and transit funds can be used for HOV lanes, fringe parking facilities, to make modifications to existing facilities so they can accommodate other modes of transportation, as well as traffic operation improvements. In addition, funds may be used for alternative fuels programs that focus on non-petroleum based fuels. These funds may also be used for congestion pricing projects, as recommended in the National Energy Strategy. All areas will be required to develop Congestion Management Systems (CMS) which will combine demand management and operational improvements to increase energy efficiency and improve air quality. No new highway project increasing capacity may be built unless it is consistent with the CMS plan.

Our proposed Section 26 Transit Planning and Research (TPR) program is also usable for alternative fuels research, clean air programs, and a wide variety of State and locally identified projects. Our budget submission essentially allows grantees to target important programs and initiatives such as energy-saving or meeting clean air requirements as and when needed.

SENATOR LAUTENBERG: How does the President's overall budget compare with the Department's request to OMB, and for the Clean Air requirements in particular?

ANSWER: The President's budget contains a wide variety of initiatives dealing with environmental issues, global warming, alternative energy resources, and so on. The overall thrust of the budget in these areas is to provide general funding on a programmatic basis, such as new R&D efforts, or the foundation of new laboratories, but to rely upon local initiatives and public/private cooperation to determine the most productive areas to evaluate. The DOT budget follows in this emphasis by allowing maximum flexibility in the use of funds by State and local agencies. While there are specific programs, such as UMTA's Section 26 Transit Planning and Research (TPR) effort, or the University Research Program, most of the grant funds for capital could be used for clean air projects if the States and local communities wished to do so.

The following table compares the budget submission UMTA made to OMB with the President's FY 1992 budget.

COMPARISON -- FY 1992 OMB AND PRESIDENT'S BUDGET SUBMISSION

(millions of dollars):

	Submission to OMB	President's Budget
Formula Grants		
General Fund	$1,030	$ -0-
Trust Fund	$2,052	2,600
Discretionary Grants - New Starts		
General Fund	525	-0-
Trust Fund	-0-	300
Discretionary Grants - Other		
General Fund	225	-0-
Trust Fund	-0-	50
Transit Planning and Research b/		
Trust Fund	127	99
Administrative Expenses		
Trust Fund	41	40
Washington Metro		
General Fund	a/	80
Interstate Transfer	TO FHWA	160
TOTAL		
Trust Fund	2,220	3,249
General Fund	1,780	80
Total	4,000	3,329

a/ To be funded under Discretionary Grants - New Starts

b/ Includes UTC .

SENATOR LAUTENBERG: Why doesn't your budget request focus more attention on these items on the national agenda, and provide a dedicated, separate pot of money?

ANSWER: Allocating the bulk of transportation funds by formula ensures that the process is as flexible as possible. If the Department attempted to allocate "dedicated, separate" pots of money by problem area, such as clean air or high-speed rail technology, the outcome would probably not result in funds being effectively targeted to local problems. For example, allocating funds by clean air program would award most of the funds to less than 20 States which contain the 29 cities with the worst air pollution problems. The same holds true for Alternative Fuels research.

The thrust of our budget is to allocate most of the transportation funds based on overall transportation needs, and to allow maximum local flexibility in deciding how best to use the funds provided. In this way, where clean air is the issue, it will get the most funding. Where high-speed rail research is more desirable, this can be supported as well. Local problems and concerns should drive local transportation expenditures.

RAIL MOD

SENATOR LAUTENBERG: Mr. Clymer, you state that discretionary "rail mod" funds have been distributed by UMTA using internal formulas. What is that formula, and on what basis are the funds distributed?

ANSWER: Discretionary rail modernization funds have been allocated using a formula based upon the Section 9 formula rail tier factors. These factors are rail route miles and rail vehicle revenue miles. Allocations to individual areas are adjusted in order to comply with Congressional earmarks, full funding agreements, other commitments, as well as the status of grant applications.

SENATOR LAUTENBERG: List the amount of funds each of the older light rail cities has received over the past four years.

ANSWER: The information is as follows:

Discretionary (Section 3) Funds Obligated for Rail Modernization
Fiscal Years 1986-1990

Urbanized Area	1986	1987	1988	1989	1990	Total
Baltimore	0	0	9,813,750	$13,500,000	$8,250,000	$31,563,750
Boston	$69,591,774	$13,139,100	$51,353,625	$16,575,000	71,373,000	222,032,499
Chicago	66,633,771	34,114,767	152,394,750	82,368,750	46,872,975	382,385,013
Northwestern In.	0	0	0	0	18,342,999	18,342,999
Cleveland	11,347,500	0	16,212,000	0	19,614,756	47,174,256
New Orleans	32,956,138	0	2,630,251	1,157,216	5,764,053	42,507,658
New York	159,546,999	120,224,325	20,406,951	200,070,300	179,092,701	679,341,276
Northeast NJ	0	46,265,001	0	96,595,845	40,200,000	183,060,846
Philadelphia	91,960,395	52,500,000	53,550,000	86,769,999	53,604,744	338,385,138
South New Jersey	0	0	21,900,000	0	0	21,900,000
Pittsburgh	0	3,550,702	0	0	3,999,999	7,550,701
San Francisco	46,995,000	22,027,200	35,035,092	18,199,998	21,012,060	143,269,350
SW Connecticut	0	27,039,750	0	91,725,000	23,372,400	142,137,150
Other	0	0	2,751,449	0	0	2,751,449
Total	$479,031,577	$318,860,845	$366,047,868	$606,962,108	$491,499,687	$2,262,402,085

SENATOR LAUTENBERG: Compare the amount each city would receive at the fiscal year 1991 level of $455 million and the amount each city (both old and new) would receive under the administration's $600 million proposal.

ANSWER: Final decisions on the the FY 1991 allocation of funds to the older rail cities have not been made yet, so we are unable to compare them to our proposed FY 1992 allocation of the $600 million.

However, the table below shows the following: 1) FY 1991 Section 9 formula apportionments for urbanized areas over 1 million population; 2) proposed FY 1992 Section 9 apportionment for those cities; 3) amounts the rail cities (old and new) would receive from the $600 million allocated in the rail tier in FY 1992; and 4) the five-year (FY 86-90) historical average of rail modernization obligations for the old rail cities.

AMOUNTS APPORTIONED TO URBANIZED AREAS OVER 1,000,000 IN POPULATION:

URBANIZED AREA	F.Y. 1991 APPORTIONMENT	F.Y. 1992 BUDGET PROPOSAL	$600 MILLION ALLOCATED IN RAIL TIER BUDGET PROP	HISTORIC S.3 RAIL MOD OBLIGATIONS (5-YR AVERAGE)
Atlanta, Georgia........................	$22,343,334	$31,863,660	$8,530,571	0
Baltimore, Maryland.....................	20,642,361	26,425,165	5,211,496	6,312,750
Boston, Massachusetts...................	50,757,603	91,169,651	35,029,210	44,406,500
Buffalo, New York.......................	8,392,562	10,210,106	825,308	0
Chicago, Illinois-Northwestern Indiana.	137,406,291	223,159,694	78,047,927	76,477,003
Northwestern Indiana				3,668,600
Cincinnati, Ohio-Kentucky..............	9,097,063	9,538,387	53,081	0
Cleveland, Ohio.........................	17,648,017	22,489,675	3,454,879	9,434,851
Dallas-Fort Worth, Texas...............	18,805,228	21,334,213	353,288	0
Denver, Colorado........................	13,275,466	15,057,541	609,886	0
Detroit, Michigan.......................	27,268,011	30,374,989	0	0
Fort Lauderdale-Hollywood, Florida.....	11,225,455	16,768,843	4,500,000	0
Houston, Texas..........................	22,595,304	25,700,065	2,246,300	0
Kansas City, Missouri-Kansas...........	6,235,678	7,129,214	51,476	0
Los Angeles-Long Beach, California.....	106,615,205	115,001,779	5,874,771	0
Miami, Florida..........................	19,464,084	25,925,105	4,570,603	0
Milwaukee, Wisconsin....................	12,138,530	12,919,235	0	0
Minneapolis-St. Paul, Minnesota........	14,061,217	15,859,357	864,668	0
New Orleans, Louisiana..................	11,727,452	13,232,494	1,013,869	8,501,532
New York, N.Y.-Northeastern New Jersey.	425,521,644	727,899,602	284,215,344	164,295,685
Northeast New Jersey				36,612,169
Southwest Connecticut			9,192,052	0
Philadelphia, Pennsylvania-New Jersey..	80,043,195	132,603,547	47,901,430	67,677,028
Southwest New Jersey				4,380,000
Phoenix, Arizona........................	9,270,985	10,419,045	0	0
Pittsburgh, Pennsylvania................	24,202,491	32,035,186	5,786,592	1,510,140
Portland, Oregon-Washington............	13,054,659	15,913,247	1,784,715	0
St. Louis, Missouri-Illinois...........	14,403,567	16,597,796	637,073	0
San Diego, California...................	19,061,383	24,886,985	4,500,000	0
San Francisco-Oakland, California......	67,019,402	106,829,068	35,826,100	28,653,870
San Jose, California....................	15,630,955	21,903,658	4,500,000	0
San Juan, Puerto Rico...................	10,234,154	11,546,226	353,655	0
Seattle-Everett, Washington............	26,169,084	36,965,762	9,870,679	0

Washington, D.C.-Maryland-Virginia.....	53,280,862	85,644,379	29,174,893	0
Other				550,290
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TOTAL OVER 1,000,000 IN POPULATION....	$1,287,591,244	$1,937,403,674	$584,979,866	$452,480,418
200,000-1,000,000 IN POPULATION.......	287,587,769	333,722,644	15,020,134	0
50,000-200,000 IN POPULATION..........	159,989,481	176,287,375	0	0
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NATIONAL TOTALS.....................	$1,735,168,494	$2,447,413,693	$600,000,000	$452,480,418

SECTION 9 -- FORMULA GRANTS

SENATOR LAUTENBERG: Update the tables contained on page 139 of Senate Hearings Report 101-865, part 1.

ANSWER: The following table shows the percentage of total operating costs covered by Federal operating assistance in 1989:

Area Size	Federal Assistance As Percent of Operating Expenses (1989)
Over 1 million	4.4 %
500,000 to 1 million	14.2 %
200,000 to 500,000	16.4 %
(All Areas Over 200,000)	5.3 %
Areas Under 200,000	23.7 %

The share of operating expenses covered by Federal assistance in certain key operators was as follows in 1989:

New York City TA	2.1 %
New Jersey Transit	8.4 %
SEPTA	5.4 %
Baltimore MTA	6.6 %
Chicago TA	6.4 %
Chicago (All RTA operators)	4.8 %
SCRTD	9.4 %
San Francisco Muni	3.4 %
Seattle Metro	3.8 %

SENATOR LAUTENBERG: For the record, provide a breakdown of Section 9 capital obligations by activity for Fiscal Years 1989 and 1990. Refer to Senate Report 101-865, part 1, page 140.

ANSWER: The following table depicts the Fiscal Years 1989 and 1990 distribution of capital obligations by activity:

FORMULA ASSISTANCE PROGRAM
CAPITAL OBLIGATIONS BY ACTIVITY

	FY 1989	FY 1990
Bus and Bus Related	55.6%	53.5%
Rail Modernization	40.7%	44.3%
New Systems	1.2%	.4%
Planning	2.5%	1.8%

SENATOR LAUTENBERG: For the record, list the unobligated Section 9 formula funds by fiscal year.

ANSWER: The information follows:

UNOBLIGATED SECTION 9 FORMULA FUNDS
(As of September 30, 1990)

Fiscal Year	Unobligated Funds ($ in Millions)
1988	$ 37.0
1989	86.3
1990	274.8

SENATOR LAUTENBERG: List the cities, amount and project descriptions where formula funds were used for new start projects (include Fiscal Years 1987, 1988, 1989, and 1990).

ANSWER: The following table displays the use of formula funds for new system projects for Fiscal Years 1987, 1988, 1989, and 1990:

FISCAL YEARS 1987, 1988, 1989, AND 1990 USE OF FORMULA FUNDS FOR NEW SYSTEM PROJECTS

	1987	
Los Angeles, CA	Construct Rail Transit Line from Union Station to Alvarado Street	$15,600,000
San Diego, CA	Construct LFT from Euclid Avenue to El Cajon	11,334,000
San Jose, CA	Construct LRT from Downtown South to Santa Teresa	9,698,040
	Total	$36,632,040

	1988	
San Diego, CA	Construct LRT from Euclid Avenue to El Cajon	$ 3,719,320
San Jose, CA	Construct LRT from Downtown South to Santa Teresa	3,901,960
Portland, OR	Westside Corridor Preliminary Engineering	1,657,988
	Total	$9,279,268

1989

San Francisco, CA	New BART station in Colma	$3,647,200
San Diego, CA	Construct LRT from Euclid Avenue to El Cajon	3,000,000
	Reconstruction of Paradise Bridge on South LRT Line	642,000
San Jose, CA	Construct LRT from Downtown South to Santa Teresa	3,852,000
Portland, OR	LRT security equipment and monitoring system	74,720
	Total................	$11,215,920

1990

San Diego, CA	Construct LRT from Euclid Avenue to El Cajon (final increment of funding)	$ 2,300,000
Portland, OR	Westside Corridor Preliminary Engineering FEIS	$ 1,292,800
	Total................	$ 3,592,800

Senator Lautenberg: Update the table on urbanized areas without conventional mass transit service found on page 142, Senate Report 101-865, part 1.

Answer: The information follows:

URBANIZED AREAS WITHOUT CONVENTIONAL MASS TRANSIT SERVICE

		APPORTIONMENT		
REGION	UZA	FY 1989	FY 1990	FY 1991
III	Jacksonville, NC.	329,899	335,180	357,631
	Concord, NC.	336,370	341,728	364,617
	Burlington, NC.	337,260	342,567	365,512
	Goldsboro, NC.	262,601	266,801	284,672
IV	Rock Hill, SC.	240,440	244,261	260,623
	Fort Walton Beach, FL.	414,635	421,199	449,411
	Winter Haven, FL.	370,455	376,278	401,481
	Fort Pierce, FL.	330,906	336,173	358,690
	Naples, FL.	236,781	240,587	256,702
	Panama City, FL.	379,131	385,143	410,940
	Warner Robins, GA.	299,661	304,326	324,711
VI	Fayetteville-Springdale, AR.	271,155	275,529	293,984
	Houma, LA.	309,788	314,716	335,796
	Fort Smith, OKLA.	9,436	9,588	10,230
	Lawton, OKLA.	517,744	525,819	561,038
	Bryan-College Station, TX.	441,473	448,371	478,403
	Harlingen-San Benito, TX.	345,150	350,564	374,045
	Killeen, TX.	526,292	534,389	570,183
	Longview, TX.	331,019	336,280	358,804
	McAllen, TX.	1,004,016	1,019,341	1,087,614
	Odessa, TX.	613,423	622,846	664,565
	Temple, TX.	237,142	240,947	257,086
	Texarkana, TX.	226,789	230,363	245,793
	Texas City, TX.	456,980	464,391	495,497
	Tyler, TX.	417,515	423,974	452,372
	Victoria, TX.	326,106	331,078	353,254

VII	Joplin, MO.	255,466	259,569	276,956
VIII	Bismarch-Mandan, N.D.	350,761	356,185	380,042
	Cheyenne, WY.	345,640	350,964	374,472
IX	Yuma, AZ.	337,821	342,993	365,967

SENATOR LAUTENBERG: Provide the Fiscal Year 1991 formula grants apportionments (as displayed on pages 144 through 149 of Senate Report 101-865, part 1).

ANSWER: The information follows:

UMTA FORMULA GRANTS PROGRAM

FISCAL YEAR 1991 UMTA SECTION 9 FORMULA APPORTIONMENTS

AMOUNTS APPORTIONED TO URBANIZED AREAS OVER 1,000,000 IN POPULATION

URBANIZED AREA	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
Atlanta, Georgia	$19,765,967	$2,577,367	$22,343,334
Baltimore, Maryland	18,260,217	2,382,144	20,642,361
Boston, Massachusetts	44,906,230	5,851,373	50,757,603
Buffalo, New York	7,424,756	967,805	8,392,561
Chicago, Illinois-Northwestern Indiana	121,560,126	15,846,165	137,406,291
Cincinnati, Ohio-Kentucky	8,047,183	1,049,880	9,097,063
Cleveland, Ohio	15,612,245	2,035,771	17,648,016
Dallas-Fort Worth, Texas	16,636,504	2,168,724	18,805,228
Denver, Colorado	11,744,094	1,531,372	13,275,466
Detroit, Michigan	24,123,228	3,144,783	27,268,011
Fort Lauderdale-Hollywood, Florida	9,931,052	1,294,402	11,225,454
Houston, Texas	19,987,624	2,607,680	22,595,304
Kansas City, Missouri-Kansas	5,516,677	719,001	6,235,678
Los Angeles-Long Beach, California	94,309,108	12,306,097	106,615,205
Miami, Florida	17,219,432	2,244,652	19,464,084
Milwaukee, Wisconsin	10,737,930	1,400,600	12,138,530
Minneapolis-St. Paul, Minnesota	12,438,869	1,622,348	14,061,217
New Orleans, Louisiana	10,374,070	1,353,382	11,727,452
New York, N.Y.-Northeastern New Jersey	376,572,618	48,949,027	425,521,645
Philadelphia, Pennsylvania-New Jersey	70,810,853	9,232,342	80,043,195
Phoenix, Arizona	8,201,878	1,069,107	9,270,985
Pittsburgh, Pennsylvania	21,411,000	2,791,492	24,202,492
Portland, Oregon-Washington	11,548,775	1,505,884	13,054,659
St. Louis, Missouri-Illinois	12,742,365	1,661,202	14,403,567
San Diego, California	16,862,585	2,198,798	19,061,383
San Francisco-Oakland, California	59,289,634	7,729,768	67,019,402
San Jose, California	13,828,729	1,802,227	15,630,956
San Juan, Puerto Rico	9,053,648	1,180,506	10,234,154
Seattle-Everett, Washington	23,149,354	3,019,731	26,169,085
Washington, D.C.-Maryland-Virginia	47,136,125	6,144,737	53,280,862
TOTAL	$1,139,202,876	$148,388,367	$1,287,591,243

FISCAL YEAR 1991 UMTA SECTION 9 FORMULA APPORTIONMENTS

AMOUNTS APPORTIONED TO URBANIZED AREAS 200,000 TO 1,000,000 IN POPULATION

URBANIZED AREA	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
Akron, Ohio	$3,106,353	$404,805	$3,511,158
Albany-Schenectady-Troy, New York	4,252,285	554,372	4,806,657
Albuquerque, New Mexico	2,606,543	339,669	2,946,212
Allentown-Bethlehem-Easton, Pa.-N.J	2,122,048	276,597	2,398,645
Ann Arbor, Michigan	1,992,134	259,602	2,251,736
Augusta, Georgia-South Carolina	993,554	129,503	1,123,057
Austin, Texas	5,089,910	663,833	5,753,743
Bakersfield, California	1,695,239	220,933	1,916,172
Baton Rouge, Louisiana	1,885,905	245,941	2,131,846
Birmingham, Alabama	3,011,552	392,580	3,404,132
Bridgeport, Connecticut	3,388,763	441,567	3,830,330
Canton, Ohio	1,147,281	149,504	1,296,785
Charleston, South Carolina	1,543,831	201,318	1,745,149
Charlotte, North Carolina	2,819,849	367,873	3,187,722
Chattanooga, Tennessee-Georgia	1,465,062	190,925	1,655,987
Colorado Springs, Colorado	1,732,542	225,859	1,958,401
Columbia, South Carolina	1,578,570	205,757	1,784,327
Columbus, Georgia-Alabama	1,050,011	136,843	1,186,854
Columbus, Ohio	6,444,869	840,360	7,285,229
Corpus Christi, Texas	1,619,649	211,089	1,830,738
Davenport-Rock Island-Moline, Iowa-Illinois	1,686,791	219,835	1,906,626
Dayton, Ohio	6,884,068	897,028	7,781,096
Des Moines, Iowa	1,681,088	219,130	1,900,218
El Paso, Texas	3,305,995	431,682	3,737,677
Fayetteville, North Carolina	777,920	101,363	879,283
Flint, Michigan	1,978,770	257,859	2,236,629
Fort Wayne, Indiana	1,558,519	203,114	1,761,633
Fresno, California	2,522,431	328,842	2,851,273
Grand Rapids, Michigan	2,285,544	297,868	2,583,412
Greenville, South Carolina	1,112,769	145,003	1,257,772
Harrisburg, Pennsylvania	1,458,693	190,117	1,648,810
Hartford, Connecticut	4,359,506	568,466	4,927,972
Honolulu, Hawaii	11,420,762	1,492,558	12,913,320
Indianapolis, Indiana	4,703,296	613,176	5,316,472
Jackson, Mississippi	1,155,077	150,529	1,305,606
Jacksonville, Florida	3,670,735	478,595	4,149,330
Knoxville, Tennessee	1,329,441	173,256	1,502,697
Lansing, Michigan	1,701,565	221,730	1,923,295
Las Vegas, Nevada	2,304,021	300,557	2,604,578
Lawrence-Haverhill, Mass.-New Hampshire	1,951,879	254,356	2,206,235
Little Rock-North Little Rock, Arkansas	1,645,191	214,491	1,859,682
Lorain-Elyria, Ohio	724,327	94,365	818,692
Louisville, Kentucky-Indiana	6,143,402	801,299	6,944,701
Madison, Wisconsin	2,537,935	330,840	2,868,775
Melbourne-Cocoa, Florida	1,334,004	173,953	1,507,957

FISCAL YEAR 1991 UMTA SECTION 9 FORMULA APPORTIONMENTS

AMOUNTS APPORTIONED TO URBANIZED AREAS 200,000 TO 1,000,000 IN POPULATION

URBANIZED AREA	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
Memphis, Tenn-Arkansas-Mississippi....	$5,164,044	$673,402	$5,837,446
Mobile, Alabama..............................	1,400,631	182,587	1,583,218
Nashville-Davidson, Tennessee..............	2,891,707	377,147	3,268,854
New Haven, Connecticut......................	3,654,295	476,283	4,130,578
Newport News-Hampton, Virginia.............	1,770,519	230,892	2,001,411
Norfolk-Portsmouth, Virginia...............	4,690,775	611,345	5,302,120
Ogden, Utah..................................	1,485,028	193,651	1,678,679
Oklahoma City, Oklahoma.....................	2,875,267	374,660	3,249,927
Omaha, Nebraska-Iowa........................	3,544,445	461,975	4,006,420
Orlando, Florida............................	4,560,478	594,537	5,155,015
Oxnard-Ventura-Thousand Oaks, California...	1,733,585	225,934	1,959,519
Pensacola, Florida..........................	1,039,503	135,464	1,174,967
Peoria, Illinois............................	1,426,405	185,861	1,612,266
Providence-Pawtucket-Warwick, R.I.-Mass....	9,220,302	1,201,818	10,422,120
Raleigh, North Carolina.....................	1,172,020	152,749	1,324,769
Richmond, Virginia..........................	3,711,408	484,083	4,195,491
Rochester, New York.........................	4,762,911	620,829	5,383,740
Rockford, Illinois..........................	1,093,278	142,470	1,235,748
Sacramento, California......................	6,396,614	833,770	7,230,384
St. Petersburg, Florida.....................	5,014,407	653,687	5,668,094
Salt Lake City, Utah........................	6,137,932	800,930	6,938,862
San Antonio, Texas..........................	10,122,836	1,320,312	11,443,148
San Bernardino-Riverside, California.......	4,318,779	562,950	4,881,729
Sarasota-Bradenton, Florida................	1,500,769	195,554	1,696,323
Scranton-Wilkes-Barre, Pennsylvania........	2,181,369	284,303	2,465,672
Shreveport, Louisiana......................	1,474,863	192,241	1,667,104
South Bend, Indiana-Michigan...............	1,373,634	179,042	1,552,676
Spokane, Washington........................	2,698,926	351,838	3,050,764
Springfield-Chicopee-Holyoke, Mass.-Conn...	3,942,119	513,901	4,456,020
Syracuse, New York.........................	3,459,017	450,932	3,909,949
Tacoma, Washington.........................	3,990,196	520,150	4,510,346
Tampa, Florida.............................	4,126,496	537,889	4,664,385
Toledo, Ohio-Michigan......................	3,101,896	404,345	3,506,241
Trenton, New Jersey-Pennsylvania...........	2,378,586	310,030	2,688,616
Tucson, Arizona............................	3,731,274	486,447	4,217,721
Tulsa, Oklahoma............................	2,391,098	311,638	2,702,736
West Palm Beach, Florida...................	2,462,426	320,906	2,783,332
Wichita, Kansas............................	1,759,031	229,273	1,988,304
Wilmington, Delaware-New Jersey-Maryland...	2,410,938	314,240	2,725,178
Worcester, Massachusetts...................	1,798,933	234,434	2,033,367
Youngstown-Warren, Ohio....................	1,668,520	217,390	1,885,910
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TOTAL	$254,416,939	$33,170,831	$287,587,770

FISCAL YEAR 1991 UMTA SECTION 9 FORMULA APPORTIONMENTS

AMOUNTS APPORTIONED TO STATE GOVERNORS FOR URBANIZED AREAS 50,000 TO 200,000 IN POPULATION

STATE	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
ALABAMA	$3,709,899	$483,321	$4,193,220
ALASKA	752,278	98,006	850,284
ARIZONA	323,785	42,182	365,967
ARKANSAS	1,093,036	142,400	1,235,436
CALIFORNIA	11,945,197	1,556,207	13,501,404
COLORADO	2,450,855	319,295	2,770,150
CONNECTICUT	10,308,064	1,342,924	11,650,988
DELAWARE (NONE)			
FLORIDA	5,126,488	667,873	5,794,361
GEORGIA	2,855,118	371,961	3,227,079
HAWAII	731,301	95,273	826,574
IDAHO	1,061,629	138,308	1,199,937
ILLINOIS	7,040,627	917,245	7,957,872
INDIANA	4,336,820	564,996	4,901,816
IOWA	2,419,789	315,247	2,735,036
KANSAS	1,039,972	135,486	1,175,458
KENTUCKY	2,199,861	286,595	2,486,456
LOUISIANA	2,570,570	334,891	2,905,461
MAINE	1,110,021	144,612	1,254,633
MARYLAND	974,057	126,899	1,100,956
MASSACHUSETTS	4,852,890	632,229	5,485,119
MICHIGAN	4,319,096	562,687	4,881,783
MINNESOTA	1,467,316	191,160	1,658,476
MISSISSIPPI	1,392,196	181,374	1,573,570
MISSOURI	1,715,541	223,499	1,939,040
MONTANA	1,240,979	161,673	1,402,652
NEBRASKA	1,167,878	152,150	1,320,028
NEVADA	939,490	122,396	1,061,886
NEW HAMPSHIRE	1,404,938	183,034	1,587,972
NEW JERSEY	1,101,740	143,533	1,245,273
NEW MEXICO	532,716	69,402	602,118
NEW YORK	3,511,451	457,468	3,968,919
NORTH CAROLINA	6,019,293	784,187	6,803,480
NORTH DAKOTA	1,054,900	137,431	1,192,331
OHIO	3,417,314	445,204	3,862,518
OKLAHOMA	744,380	96,977	841,357
OREGON	2,377,613	309,753	2,687,366
PENNSYLVANIA	6,807,710	886,901	7,694,611
PUERTO RICO	4,755,603	619,555	5,375,158
RHODE ISLAND	378,539	49,316	427,855
SOUTH CAROLINA	1,189,996	155,031	1,345,027
SOUTH DAKOTA	755,623	98,442	854,065

FISCAL YEAR 1991 UMTA SECTION 9 FORMULA APPORTIONMENTS

AMOUNTS APPORTIONED TO STATE GOVERNORS FOR URBANIZED AREAS 50,000 TO 200,000 IN POPULATION

STATE/URBANIZED AREA	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
TENNESSEE	$1,295,094	$168,723	$1,463,817
TEXAS	11,907,429	1,551,287	13,458,716
UTAH	964,930	125,710	1,090,640
VERMONT	376,348	49,030	425,378
VIRGINIA	2,697,233	351,392	3,048,625
WASHINGTON	2,273,074	296,133	2,569,207
WEST VIRGINIA	2,483,093	323,494	2,806,587
WISCONSIN	5,645,865	735,537	6,381,402
WYOMING	709,044	92,373	801,417
TOTAL	$141,548,679	$18,440,802	$159,989,481

OVER 1,000,000 IN POPULATION	$1,139,202,876	$148,388,367	$1,287,591,243
200,000-1,000,000 IN POPULATION	254,416,939	33,170,831	287,587,770
50,000-200,000 IN POPULATION	141,548,679	18,440,802	159,989,481
NATIONAL TOTALS	$1,535,168,494	$200,000,000	$1,735,168,494

FISCAL YEAR 1991

UMTA SECTION 18 FORMULA APPORTIONMENTS AND

RURAL TRANSIT ASSISTANCE PROGRAM (RTAP) ALLOCATIONS

TO THE STATES FOR NONURBANIZED AREAS

STATE	SECTION 18 APPORTIONMENT	RTAP ALLOCATION	STATE	SECTION 18 APPORTIONMENT	RTAP ALLOCATION
ALABAMA	$1,636,680	$89,940	NEBRASKA	719,499	67,558
ALASKA	178,095	54,346	NEVADA	157,893	53,853
AMERICAN SAMOA	24,835	10,606	NEW HAMPSHIRE	482,556	61,776
ARIZONA	618,730	65,099	NEW JERSEY	825,268	70,139
ARKANSAS	1,324,988	82,334	NEW MEXICO	597,925	64,591
CALIFORNIA	2,931,416	121,536	NEW YORK	2,895,678	120,664
COLORADO	671,228	66,380	NORTH CAROLINA	2,983,374	122,804
CONNECTICUT	609,599	64,876	NORTH DAKOTA	365,928	58,930
DELAWARE	174,382	54,255	NORTHERN MARIANAS	12,903	10,315
FLORIDA	1,782,322	93,494	OHIO	3,275,335	129,929
GEORGIA	2,199,123	103,666	OKLAHOMA	1,352,166	82,997
GUAM	81,494	11,989	OREGON	1,049,540	75,612
HAWAII	212,630	55,189	PENNSYLVANIA	3,610,773	138,114
IDAHO	581,094	64,181	PUERTO RICO	1,135,766	77,716
ILLINOIS	2,408,881	108,784	RHODE ISLAND	120,223	52,934
INDIANA	2,221,579	104,214	SOUTH CAROLINA	1,485,746	86,257

IOWA	1,524,046	87,192
KANSAS	1,160,461	78,319
KENTUCKY	1,867,113	95,563
LOUISIANA	1,541,184	87,610
MAINE	673,219	66,429
MARYLAND	827,099	70,184
MASSACHUSETTS	993,762	74,251
MICHIGAN	2,676,233	115,309
MINNESOTA	1,554,865	87,944
MISSISSIPPI	1,485,549	86,252
MISSOURI	1,765,973	93,095
MONTANA	444,515	60,848
SOUTH DAKOTA	424,513	60,359
TENNESSEE	1,925,962	97,000
TEXAS	3,922,347	145,716
UTAH	316,346	57,720
VERMONT	334,443	58,161
VIRGIN ISLANDS	74,258	11,812
VIRGINIA	1,770,421	93,204
WASHINGTON	1,161,669	78,348
WEST VIRGINIA	1,189,020	79,016
WISCONSIN	1,821,749	94,456
WYOMING	270,552	56,602
TOTAL	$68,452,948	$4,260,468

INTERSTATE TRANSFER

SENATOR LAUTENBERG: Provide the latest estimated cost to complete for the Interstate Transfer transit grant program.

ANSWER: The information follows.

ESTIMATED INTERSTATE SUBSTITUTE TRANSIT PROJECTS COST TO COMPLETE

STATE	WITHDRAWAL AREA	ESTIMATED COST TO COMPLETE*	FY 1991 APPORTIONMENT**	COST TO COMPLETE BEYOND FY 1991
ARIZONA	TUCSON	$0	$0	$0
CALIFORNIA	SACRAMENTO	$250,807	$41,530	$209,277
	SAN FRANCISCO	$1,981,764	$328,154	$1,653,610
COLORADO	DENVER	$0	$0	$0
CONNECTICUT	BOLTON TO KILLINGLY	$252,720	$41,847	$210,873
	HARTFORD-NEW BRITAIN	$3,876,275	$641,859	$3,234,416
GEORGIA	ATLANTA	$0	$0	$0
ILLINOIS	CHICAGO	$30,516,567	$23,053,136	$7,463,431
INDIANA	INDIANAPOLIS	$0	$0	$0
IOWA	WATERLOO	$342,053	$56,639	$285,414
MARYLAND	BALTIMORE	$137,316,551	$58,737,788	$78,578,763
	BOWIE TO MILLERSVILLE	$0	$0	$0
	WASHINGTON, DC	$375,271	$62,140	$313,131
MASSACHUSETTS	BOSTON	$13,982,165	$2,315,260	$11,666,905
	FALL RIVER-PROVIDENCE	$0	$0	$0
MINNESOTA	DULUTH	$0	$0	$0
	MINNEAPOLIS-ST. PAUL	$0	$0	$0
NEBRASKA	OMAHA	$0	$0	$0
NEW JERSEY	NEW YORK, NJ	$2,286,914	$2,286,914	$0
	PHILADELPHIA	$0	$0	$0
NEW YORK	ALBANY	$119,416	$19,774	$99,642
	NEW YORK, NY	$230,628,288	$40,718,790	$189,909,498
OHIO	CLEVELAND	$14,678,314	$2,430,533	$12,247,781
OREGON	PORTLAND	$19,671,669	$3,257,366	$16,414,303
	SALEM	$0	$0	$0
PENNSYLVANIA	PHILADELPHIA	$0	$0	$0
	PITTSBURGH	$0	$0	$0
RHODE ISLAND	PROVIDENCE	$11,947,967	$1,978,424	$9,969,543
TENNESSEE	MEMPHIS	$12,488,334	$12,229,846	$258,488
VIRGINIA	WASHINGTON	$0	$0	$0
TOTAL		$480,715,075	$148,200,000	$332,515,075

*AS OF SEPTEMBER 30, 1990.

**$160,000,000 MINUS $800,000 FOR THE ONE-HALF PERCENT SET-ASIDE PROGRAM AND MINUS $11,000,000 OF NEW YORK, NY'S DISCRETIONARY FUNDS TRANSFERRED TO THE FEDERAL RAILROAD ADMINISTRATION PURSUANT TO THE FY 1991 CONFERENCE COMMITTEE'S DIRECTIONS.

SENATOR LAUTENBERG: List the areas and amounts of unobligated balances in the Interstate Transfer transit grant program.

ANSWER: The information follows:

UNOBLIGATED INTERSTATE TRANSFER GRANTS - TRANSIT
(AS OF MARCH 31, 1991)

WITHDRAWAL AREA	UNOBLIGATED BALANCE
KILLINGLY	$297,834
BOSTON	$2,426,103
PROVIDENCE	$5,803,682
HARTFORD	$672,542
REGION 1 SUBTOTAL	$9,200,161
ALBANY	$38,403
NEW YORK, NY	$9
NEW YORK, NJ	$2,638,928
REGION 2 SUBTOTAL	$2,677,340
BALTIMORE	$1
WASHINGTON, D.C.	$83,832
MEMPHIS	$98,950
REGION 3 SUBTOTAL	$182,783
CHICAGO	$23,294,870
CLEVELAND	$2,546,792
DULUTH	$2,145
REGION 5 SUBTOTAL	$25,843,807
WATERLOO	$86,436
REGION 7 SUBTOTAL	$86,436
SACRAMENTO	$79,562
SAN FRANCISCO	$4,028,053
REGION 9 SUBTOTAL	$4,107,615
PORTLAND	$7,279,367
REGION 10 SUBTOTAL	$7,279,367

SENATOR LAUTENBERG: Update the usage table on page 193 of Senate Hearing 101-865, part 1.

ANSWER: The information follows:

INTERSTATE TRANSFER GRANTS - TRANSIT
OBLIGATIONS FOR ALL URBANIZED AREAS BY CATEGORY
FY 1985 THROUGH FY 1990
(IN DOLLARS)

YEAR	BUS	RAIL MOD	NEW SYSTEMS	PLANNING	TOTAL
1985	$44,169,304	$63,632,195	$124,366,697	$299,914	$232,468,110
1986	$11,069,935	$29,555,673	$203,325,440	$200,000	$244,151,048
1987	$13,675,742	$48,048,526	$135,354,578	$61,475	$197,140,321
1988	$13,766,285	$71,220,635	$54,550,721	$35,125	$139,572,766
1989	$2,980,048	$118,751,983	$114,447,687	$947,857	$237,127,575
1990	$7,674,272	$96,234,344	$53,835,435	$1,585,365	$159,329,416
TOTAL	$93,335,586	$427,443,356	$685,880,558	$3,129,736	$1,209,789,236

SENATOR LAUTENBERG: Provide apportionment levels for the interstate transfer transit areas assuming appropriated levels of $120 and $160 million.

ANSWER: Using the most recent cost-to-complete estimates, the following table apportions total new FY 1992 budgetary resources at the $120 million level and the $160 million level for our proposed Interstate Transfer Grants - Transit program. All of the funds have been distributed by formula in accordance with our legislative proposal. The takedown for Project Management Oversight is proposed to be 3/4 of 1 percent in our legislative package.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
INTERSTATE TRANSFER GRANTS - TRANSIT

END OF FY1990 EST. ADDT'L FUNDS REQUIRED TO COMPLETE SUBSTITUTE PROJECTS	APPROPRIATION FOR:	FY1991 CONFERENCE TOTAL	- $120M - FY1992 SENATE ALTERNATIVE	- $160M - FY1992 BUDGET PROPOSED
13,982,165	BOSTON, MA	2,315,260	4,321,814	5,762,419
30,516,567	CHICAGO, IL	23,053,136	2,764,706	3,686,274
14,678,314	CLEVELAND, OH	2,430,533	4,536,990	6,049,320
0	DULUTH-SUPERIOR, MN	0	0	0
0	INDIANAPOLIS, IN	0	0	0
2,286,914	NEW JERSEY	2,286,914	0	0
250,807	SACRAMENTO,CA	41,530	77,523	103,364
3,876,275	HARTFORD-NEW BRITAIN, CT	641,859	1,198,136	1,597,515
11,947,967	RHODE ISLAND	1,978,424	3,693,054	4,924,072
0	FALL RIVER, MA	0	0	0
252,720	KILLINGLY, CT	41,847	78,114	104,153
230,628,288	NEW YORK CITY, NY **	51,718,789	66,274,097	88,365,463
119,416	ALBANY, NY	19,774	36,911	49,214
0	TRENTON, NJ	0	0	0
137,316,551	BALTIMORE, MD	58,737,788	29,108,217	38,810,956
375,271	WASHINGTON, D.C.	62,140	115,994	154,659
12,498,334	MEMPHIS, TN	12,229,846	95,752	127,670
342,053	WATERLOO, IA	56,639	105,727	140,969
1,981,764	SAN FRANCISCO, CA	328,154	612,553	816,737

19,671,669	PORTLAND, OR	3,257,366	6,080,410	8,107,213
	UNDISTRIBUTED (PMO) *	800,000	900,000	1,200,000
480,715,075	TOTAL	160,000,000	120,000,000	160,000,000

* Project Management Oversight Funds (PMO)

** In FY91, $11 M was transferred from the discretionary earmark for New York to FRA for Amtrak Westside.

SENATOR LAUTENBERG: If $160 million were provided for interstate transfers for FY 1992, how much additional funding would be necessary to complete federal obligations in this program?

ANSWER: After FY 1992, we estimate that about $164 million would be required to fully fund remaining transit substitute projects. This estimate is predicated on the most recent cost-to-complete estimates and an assumed $160 million FY 1992 funding level for our proposed Interstate Transfer Grants - Transit program. All of the funds have been distributed by formula in accordance with our legislative proposal; we assume no discretionary allocation. The takedown for Project Management Oversight is assumed to be the maximum 3/4 of 1 percent in our legislative package.

SENATOR LAUTENBERG: Assuming a $160 million program in FY 1992, list the estimated additional funds required to complete substitute transit projects by area.

ANSWER: Using the most recent cost-to-complete estimates as of the end of FY 1990, we have deducted the FY 1991 appropriation by area to estimate the cost-to-complete balance remaining after FY 1991. The following table apportions total new FY 1992 budgetary resources at the $160 million level for our proposed Interstate Transfer Grants - Transit program and shows the balance remaining by area after FY 1992. All of the funds have been distributed by formula in accordance with our legislative proposal. The proposed takedown for Project Management Oversight is not to exceed 3/4 of 1 percent in our legislative package.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
INTERSTATE TRANSFER GRANTS - TRANSIT

END OF FY1990 EST. ADDT'L FUNDS REQUIRED TO COMPLETE SUBSTITUTE PROJECTS	APPROPRIATION FOR:	FY1991 CONFERENCE TOTAL	FY1992 BUDGET PROPOSED	FY1993 BUDGET PROPOSED	3-YEAR TOTAL LESS PMO
13,982,165	BOSTON, MA	2,315,260	5,762,419	5,904,486	13,982,165
30,516,567	CHICAGO, IL	23,053,136	3,686,274	3,777,156	30,516,567
14,678,314	CLEVELAND, OH	2,430,533	6,049,320	6,198,461	14,678,314
0	DULUTH-SUPERIOR, MN	0	0	0	0
0	INDIANAPOLIS, IN	0	0	0	0
2,286,914	NEW JERSEY	2,286,914	0	0	2,286,914
250,807	SACREMENTO,CA	41,530	103,364	105,913	250,807
3,876,275	HARTFORD-NEW BRITAIN, CT	641,859	1,597,515	1,636,900	3,876,275
11,947,967	RHODE ISLAND	1,978,424	4,924,072	5,045,471	11,947,967
0	FALL RIVER, MA	0	0	0	0
252,720	KILLINGLY, CT	41,847	104,153	106,720	252,720
230,628,288	NEW YORK CITY, NY **	51,718,789	88,365,463	90,544,036	230,628,288
119,416	ALBANY, NY	19,774	49,214	50,428	119,416
0	TRENTON, NJ	0	0	0	0
137,316,551	BALTIMORE, MD	58,737,788	38,810,956	39,767,807	137,316,551
375,271	WASHINGTON, D.C.	62,140	154,659	158,472	375,271
12,488,334	MEMPHIS, TN	12,229,846	127,670	130,818	12,488,334
342,053	WATERLOO, IA	56,639	140,969	144,445	342,053
1,981,764	SAN FRANCISCO, CA	328,154	816,737	836,873	1,981,764
19,671,669	PORTLAND, OR	3,257,366	8,107,213	8,307,090	19,671,669
	UNDISTRIBUTED (PMO) *	800,000	1,200,000	1,200,000	0
480,715,075	TOTAL	160,000,000	160,000,000	163,915,075	480,715,075

* Project Management Oversight Funds (PMO)

** FY91 appropriation transferred $11 M from the discretionary earmark for New York to FRA for Amtrak Westside.

BALANCES AVAILABLE

SENATOR LAUTENBERG: Update the tables on pages 198 through 203 of Senate Hearing 101-685, part 1, that report on the unobligated balances in the UMTA program categories.

Answer: UMTA's unobligated balances as of February 28, 1991 are as follows:

U. S. Department of Transportation
Urban Mass Transportation Administration
Status of Program Funds Report
Summary as of February 28,1991 (REVISED)

	Unobligated Balance 9-30-90	FY 1991 Redistributed Recoveries	New FY 1991 Budget Authority	FY 1991 Recoveries Thru 2/28/91	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1991 Availability	Less: Obligations Thru 2/28/91	Unobligated Balance Thru 2/28/91
DISCRETIONARY GRANTS									
Section 3, Bus	$52,051,721.00	$0.00	$218,900,000.00	$654,752.99	($277,333.09)	($577,459.90)	$270,951,721.00	$1,912,500.00	$269,039,221.00
Section 3, Rail	111,052,457.00	0.00	452,725,000.00	28,916,273.00	0.00	(23.00)	592,693,707.00	42,616,248.00	550,077,459.00
Section 3, New Systems	294,738,347.00	0.00	437,800,000.00	0.00	0.00	0.00	732,538,347.00	450,000.00	732,088,347.00
1/2% Set Aside	1,673,967.00	0.00	5,575,000.00	0.00	0.00	0.00	7,248,967.00	348,568.00	6,900,399.00
Subtotal, Section 3	$459,516,492.00	$0.00	$1,115,000,000.00	$29,771,065.99	($277,333.09)	($577,482.90)	1,603,432,742.00	$45,327,316.00	1,558,105,426.00
Section 3, Technology Introduction	18,427.12	0.00	0.00	588,000.00	0.00	0.00	606,427.12	0.00	606,427.12
Section 6i, Innovative Techniques	507,375.99	0.00	0.00	45,206.87	0.00	597,518.00	1,150,100.86	120,000.00	1,030,100.86
Section 18(h), RTAP	195.80	(195.80)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 18(h), RTAP Reapportioned as FY 91	0.00	195.80	0.00	0.00	0.00	0.00	195.80	0.00	195.80
Section 18, Nonurban Formula	70,574.35	(70,574.35)	0.00	125.02	0.00	0.00	125.02	0.00	125.02
Section 18, Nonurban Formula, Reapportioned as FY 91	0.53	70,574.35	0.00	0.00	0.00	0.00	70,574.88	0.00	70,574.88
Section 8, Planning Special Studies	1,879,081.11	0.00	6,705,000.00	273,326.46	(9,236.60)	3,617,870.00	12,466,040.97	2,757,728.00	9,708,312.97
Section 8, Planning MPO and State Grants	2,338,260.00	0.00	38,295,000.00	0.00	0.00	0.00	40,633,260.00	2,765,500.00	37,867,760.00
Section 8, Reimbursable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 16b2, Elderly and Handicapped	50,521.00	0.00	35,000,000.00	55,522.04	0.00	(55,522.04)	35,050,521.00	7,560,683.00	27,489,838.00
Section 16b2 transferred to section 18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
University Transportation Centers	0.00	0.00	5,000,000.00	0.00	0.00	0.00	5,000,000.00	0.00	5,000,000.00
Bus Testing Facility	1,311.00	0.00	0.00	0.00	0.00	0.00	1,311.00	0.00	1,311.00
Section 9B Blend	25,864,262.02	0.00	200,000,000.00	286,206.15	0.00	(724,192.00)	225,426,276.17	102,708,939.00	122,715,337.17
Section 9B Blend - transferred to sec. 18	0.00	0.00	0.00	0.00	0.00	724,192.00	724,192.00	19,200.00	704,992.00
Section 9A, Urban Formula	0.00	0.00	0.00	62,626.81	0.00	(62,626.81)	0.00	0.00	0.00
Section 16, Electric Bus Tech. Reimbursable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Waterborne	626.32	0.00	0.00	0.00	0.00	0.00	626.32	0.00	626.32
Undistributed	39,209,265.54	0.00	0.00	0.00	0.00	(3,519,756.25)	35,689,509.29	0.00	35,689,509.29
Obligation Limitation (Unavailable)	477,312,000.00	0.00	0.00	0.00	0.00	0.00	477,312,000.00	0.00	477,312,000.00
Total, Discretionary Grants	$1,006,768,792.78	$0.00	$1,400,000,000.00	$31,080,075.34	($286,569.69)	($0.00)	$2,437,562,302.43	$161,259,366.00	$2,276,302,936.43

	Unobligated Balance 9-30-90	FY 1991 Redistributed Recoveries	New FY 1991 Budget Authority	FY 1991 Recoveries Thru 2/28/91	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1991 Availability	Less: Obligations Thru 2/28/91	Unobligated Balance Thru 2/28/91
RESEARCH, TRAINING, AND HUMAN RESOURCES									
Undistributed	397.00	0.00	6,200,000.00	1,904,665.60	0.00	(5,337,877.61)	2,767,184.99	0.00	2,767,184.99
Section 6, Research and Development(CTS)	$0.00	$0.00	$0.00	$0.00	$0.00	$2,808,204.61	$2,808,204.61	$85,000.00	$2,723,204.61
Section 6, Research and Development(UBP)	0.00	0.00	0.00	0.00	0.00	2,069,173.00	2,069,173.00	391,973.00	1,677,200.00
Section 6, Research and Development(UCR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 6, Research and Development(UGM)	0.00	0.00	0.00	0.00	0.00	260,500.00	260,500.00	260,500.00	0.00
Section 10, Managerial Training	13.42	0.00	500,000.00	0.00	0.00	0.00	500,013.42	0.00	500,013.42
Section 11, University Research	4,486.26	0.00	500,000.00	0.00	0.00	200,000.00	704,486.26	0.00	704,486.26
Section 20, Human Resources	672,510.73	0.00	800,000.00	0.00	0.00	0.00	1,472,510.73	0.00	1,472,510.73
Reimbursable Authority	50,040.27	0.00	0.00	0.00	0.00	0.00	50,040.27	0.00	50,040.27
Total, Research, Train. & Human Resources	$727,447.68	$0.00	$8,000,000.00	$1,904,665.60	$0.00	($0.00)	$10,632,113.28	$737,473.00	$9,894,640.28
INTERSTATE TRANSFER GRANTS-TRANSIT									
Construction Grants	$19,240,855.87	$0.00	$159,200,000.00	$0.00	$0.00	($11,000,000.00)	$167,440,855.87	$119,747,016.00	$47,693,839.87
1/2% Set Aside	1,097,840.00	0.00	800,000.00	0.00	0.00	0.00	$1,897,840.00	645,596.00	$1,252,244.00
Total, Interstate Transfer Grants	20,338,695.87	0.00	160,000,000.00	0.00	0.00	(11,000,000.00)	$169,338,695.87	120,392,612.00	$48,946,083.87
WASHINGTON METRO									
Washington Metro - Construction	$42,640,000.00	$0.00	$63,779,500.00	$0.00	$0.00	$0.00	$106,419,500.00	$42,640,000.00	$63,779,500.00
1/2% Set Aside	467,292.00	0.00	320,500.00	0.00	0.00	0.00	$787,792.00	0.00	$787,792.00
Total, Washington Metro	43,107,292.00	0.00	64,100,000.00	0.00	0.00	0.00	$107,207,292.00	42,640,000.00	$64,567,292.00
FORMULA GRANTS									
Section 5, Urban Formula	$4,889,465.13	($4,889,465.13)	$0.00	$956,708.69	$0.00	$0.00	$956,708.69	$0.00	$956,708.69
Section 9, Urban Formula	$376,085,600.87	$5,191,175.75	$1,525,967,695.00	$8,091,330.00	$0.00	($186,323.00)	$1,915,149,478.70	$780,445,795.00	$1,134,703,683.70
Section 9, Urban Formula-Discretionary	137,103.00	0.00	0.00	0.00	0.00	0.00	137,103.00	0.00	137,103.00
1/2% Set Aside - Section 9	16,305,131.01	(6,479.01)	8,673,205.00	0.00	0.00	0.00	24,971,857.00	504,510.00	24,467,347.00
Section 9, Urban Formula (UTS)	9,480,000.00	0.00	0.00	0.00	0.00	0.00	9,480,000.00	587,000.00	8,893,000.00
Section 18, Nonurban Formula trans. to 9 (T9)	240,000.00	0.00	0.00	0.00	0.00	0.00	240,000.00	240,000.00	0.00
Undist. Sec. 9, Available for Reappt. in FY 91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal, Section 9	$402,247,834.88	$5,184,696.74	$1,534,640,900.00	$8,091,330.00	$0.00	($186,323.00)	1,949,978,438.70	$781,777,305.00	$1,168,201,133.70

	Unobligated Balance 9-30-90	FY 1991 Redistributed Recoveries	New FY 1991 Budget Authority	FY 1991 Recoveries Thru 2/28/91	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1991 Availability	Less: Obligations Thru 2/28/91	Unobligated Balance Thru 2/28/91
Section 18. RTAP	1,029,133.00	0.00	5,000,000.00	0.00	0.00	0.00	$6,029,133.00	653,794.00	$5,375,339.00
Section 18. Nonurban Formula	$12,202,783.64	$0.00	$65,359,100.00	$366,876.65	$0.00	$0.00	$77,928,762.29	$12,663,521.00	$65,264,841.29
1/2% Set Aside	323,194.00	0.00	0.00	0.00	0.00	0.00	$323,194.00	0.00	$323,194.00
Section 9. Urban Formula trans. to 16 (CS)	295,231.61	(295,231.61)	0.00	0.00	0.00	94,544.00	94,544.00	94,544.00	0.00
Section 9. Urban Formula trans. to 18 (UA)	6,634.00	0.00	0.00	0.00	0.00	91,779.00	98,413.00	85,145.00	13,268.00
Subtotal, Section 18	$13,854,976.25	($295,231.61)	$70,359,100.00	$366,878.65	$0.00	$186,323.00	84,474,046.29	$13,517,404.00	70,956,642.29
Commuter Rail	$136,698.11	$0.00	$0.00	$0.00	$0.00	$0.00	$136,698.11	$0.00	$136,698.11
Commuter Rail Operating Subsidies	1,370.00	0.00	0.00	0.00	0.00	0.00	1,370.00	0.00	1,370.00
Unrestricted Cash	779,987.91	0.00	0.00	0.00	0.00	0.00	779,987.91	0.00	779,987.91
FHWA - Federal Aid Systems	2,944,289.51	0.00	0.00	0.00	0.00	0.00	2,944,289.51	0.00	2,944,289.51
Total, Formula Grants	$424,856,621.79	$0.00	$1,605,000,000.00	$9,416,917.42	$0.00	$0.00	2,039,273,535.21	$795,294,709.00	1,243,978,830.21
UMTA PROGRAM FUNDS TOTAL	$1,495,798,850.12	$0.00	$3,237,100,000.00	$42,401,662.36	($286,569.69)	($11,000,000.00)	$4,764,013,942.79	$1,120,324,160.00	3,643,689,782.79

SENATOR LAUTENBERG: For Section 3, list those unobligated balances that have been earmarked by Congress for a particular project. Also indicate the year(s) those funds were made available.

ANSWER: The information follows:

SECTION 3
BUS AND BUS RELATED UNOBLIGATED EARMARKS

AREA	DESCRIPTION	UNOBLIGATED BALANCE	FISCAL YEAR EARMARKED
MADISON	BUS TRANSFER FACILITY	$2,493,000	FY 1990
NEW ORLEANS	LEASE BUSES	$118,000	FY 1990
BALTIMORE	BUS REPLACEMENT	$4,000,000	FY 1991
BOSTON	SOUTH STATION PROJECT	$10,000,000	FY 1991
DES MOINES	BUSES & RETROFIT OTHERS	$5,295,000	FY 1991
MINNEAPOLIS	INNER CITY CNG SHUTTLE SYSTEM	$8,000,000	FY 1991
PATTERSON	BUS MAINTENANCE FACILITY	$26,000,000	FY 1991
PITTSFIELD	PURCHASE 10 BUSES	$1,700,000	FY 1991

SECTION 3
RAIL MODERNIZATION UNOBLIGATED EARMARKS

AREA	DESCRIPTION	UNOBLIGATED BALANCE	FISCAL YEAR EARMARKED
PHILADELPHIA	REFURBISH NORTH PHILA AMTRAK STATION	950,000	FY 1988
PHILADELPHIA	UNIVERSITY CITY STATION	$3,300,000	FY 1989
PHILADELPHIA/ NE NEW JERSEY	CETC INSTALLATION	$11,782,500	FY 1989
PHILADELPHIA (SEPTA)	N. PHILA. RAIL STATION	$2,500,000	FY 1991
NEW YORK (MTA/LIRR)	RECONSTRUCT UNION HALL STATION	$4,800,000	FY 1989
EL PASO	STREETCAR PROJECT	$2,800,000	FY 1991
MARYLAND	COMMUTER RAIL SERVICE	$9,750,000	FY 1991
SAN FRANCISCO (MUNI)	EMBARCADERO TURNBACK	$35,000,000	FY 1991

NEW SYSTEMS UNOBLIGATED EARMARKS

UZA	FY 88			FY 89			FY 90			FY 91			FY 88 - 91
	EARMARK	OBLIGATED	CARRYOVER	EARMARK	OBLIGATED	CARRYOVER	EARMARK	OBLIGATED	CARRYOVER	EARMARK	OBLIGATED	CARRYOVER	CARRYOVER BY UZA
ATLANTA	$105,470,000	$105,469,998	$2	$69,650,000	$69,650,000	$0	$52,080,786	$0	$52,080,786	$29,850,000	$0	$29,850,000	$81,930,788
HOUSTON	0	0	0	49,750,000	0	49,750,000	64,480,975	0	64,480,975	31,840,000	0	31,840,000	146,070,975
CHATTANOOGA	0	0	0	0	0	0	0	0	0	995,000	0	995,000	995,000
DALLAS	0	0	0	0	0	0	0	0	0	19,900,000	0	19,900,000	19,900,000
LOS ANGELES	139,797,500	139,797,499	1	147,260,000	147,259,999	1	138,882,100	138,882,099	1	149,250,000	0	149,250,000	149,250,003
MIAMI	17,412,500	15,975,830	1,436,670	14,427,500	0	14,427,500	11,904,180	0	11,904,180	11,940,000	0	11,940,000	39,708,350
PORTLAND	0	0	0	5,472,500	0	5,472,500	7,936,120	0	7,936,120	995,000	0	995,000	14,403,620
SAN JOSE	0	0	0	0	0	0	28,272,428	0	28,272,428	39,800,000	0	39,800,000	68,072,428
SAN DIEGO	0	0	0	0	0	0	0	0	0	398,000	0	398,000	398,000
HONOLULU	0	0	0	0	0	0	0	0	0	10,945,000	0	10,945,000	10,945,000
SEATTLE	67,162,500	67,162,500	0	17,910,000	17,835,000	75,000	0	0	0	0	0	0	75,000
ST. LOUIS	54,177,750	54,177,750	0	59,700,000	59,700,000	0	66,961,012	66,961,012	0	59,700,000	0	59,700,000	59,700,000
DENVER	14,129,000	14,129,000	0	15,920,000	15,920,000	0	15,872,240	0	15,872,240	17,512,000	0	17,512,000	33,384,240
SLC, UTAH	3,582,000	0	3,582,000	4,975,000	0	4,975,000	1,984,030	0	1,984,030	4,975,000	0	4,975,000	15,516,030
JACKSONVILLE	3,980,000	3,980,000	0	6,965,000	6,965,000	0	14,880,225	0	14,880,225	13,930,000	0	13,930,000	28,810,225
BALTIMORE	0	0	0	5,970,000	2,587,500	3,382,500	5,952,090	0	5,752,090	4,975,000	0	4,975,000	16,309,590
NEWARK	0	0	0	1,990,000	1,989,999	1	4,960,075	0	4,960,075	0	0	0	4,960,076
NEW JERSEY	0	0	0	0	0	0	0	0	0	19,900,000	0	19,900,000	19,900,000
CHICAGO	0	0	0	0	0	0	0	0	0	15,920,000	0	15,920,000	15,920,000
CLEVELAND	0	0	0	0	0	0	1,984,030	0	1,984,030	4,975,000	0	4,975,000	6,959,030
TOTALS	$405,711,250	$400,692,577	$5,018,673	$399,990,000	$321,907,498	$78,082,502	$416,150,291	$205,843,111	$210,307,180	$437,800,000	$0	$437,800,000	$731,208,355

NOTE: FY 86 BUFFALO C/O 880,935

FY 84/85/87/88 UNALLOCATED 70,862

TRANSIT TRUST FUND

SENATOR LAUTENBERG: Update the chart on page 157 of Senate report 101-865, part 1, assuming an obligation ceiling of $2.5 billion for fiscal years 1992 through 1996, and the Administration's interest rate assumptions.

ANSWER: The following table provides estimated trust fund balances for the next five years under current law and using the Administration's interest rate assumptions.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
PROJECTIONS
($ in thousands)

			ASSUMES AUTHORIZATION AND OBLIGATION LIMITATION OF $2.5 BILLION				
	FY 1990 ACTUAL	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE	FY 1995 ESTIMATE	FY 1996 ESTIMATE
MASS TRANSIT ACCOUNT							
Unexpended balance brought forward, start of year	6,057,342	7,154,959	8,387,154	9,483,726	10,162,436	10,636,095	10,955,872
Cash income during year,							
Government receipts:							
Motor fuel taxes	1,395,249	1,732,000	1,911,000	1,961,000	2,008,000	2,054,000	1,666,000
Interest on investments	581,321	635,003	702,424	746,843	762,183	757,822	753,216
Total annual income	1,976,570	2,367,003	2,613,424	2,707,843	2,770,183	2,811,822	2,419,216
Less: Outlays	(878,953)	(1,134,808)	(1,516,852)	(2,029,134)	(2,296,523)	(2,492,045)	(2,739,476)
Unexpended balance brought forward, end of year	7,154,959	8,387,154	9,483,726	10,162,436	10,636,095	10,955,872	10,635,612
Interest rate	8.875%	8.375%	7.875%	7.500%	7.125%	6.875%	6.625%
Authorization	1,281,800	1,400,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Obligation Limitation	1,135,645	1,400,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

SENATOR LAUTENBERG: Update the chart on page 159 on the trust fund status for fiscal years 1985 through 1990.

ANSWER: The attached chart reflects the actual status of the Mass Transit Account of the Highway Trust Fund for fiscal years 1985 through 1990.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
MASS TRANSIT ACCOUNT OF THE HIGHWAY TRUST FUND
HISTORICAL DATA
($ in thousands)

	FY 1985 ACTUAL	FY 1986 ACTUAL	FY 1987 ACTUAL	FY 1988 ACTUAL	FY 1989 ACTUAL	FY 1990 ACTUAL
MASS TRANSIT ACCOUNT						
Unexpended balance brought forward start of year	1,611,050	2,524,017	3,286,877	4,202,056	5,167,581	6,057,342
Cash income during year,						
Government receipts:						
Motor fuel taxes	1,213,740	1,112,654	1,238,858	1,277,430	1,269,420	1,395,249
Interest on investments	206,226	282,769	343,855	383,750	468,869	581,321
Total annual income	1,419,966	1,395,423	1,582,713	1,661,180	1,738,289	1,976,570
Less: Outlays	(506,999)	(632,563)	(667,534)	(695,675)	(848,508)	(878,953)
Unexpended balance brought forward end of year	2,524,017	3,286,877	4,202,056	5,167,581	6,057,342	7,154,959
Interest rate	8.875%	8.375%	7.875%	8.625%	9.125%	8.875%
Authorization	1,100,000	1,052,700	1,097,000	1,203,200	1,250,000	1,281,800
Obligation Limitation	1,120,000	1,000,544	1,002,500	1,133,700	1,140,000	1,135,645

SENATOR LAUTENBERG: List the top ten recipients of Section 3 bus funds, and aggregate amount awarded for Fiscal Years 1982-1990.

ANSWER: The information is provided below:

Recipient	FY 1982-1990 Total obligated ($In Millions)
Los Angeles	$133.3
San Francisco	124.8
Northeast New Jersey	119.2
Houston	92.0
Chicago	86.7
New Orleans	76.5
Dallas	60.5
Baltimore	55.0
San Juan, PR	48.0
San Antonio, TX	38.8

SENATOR LAUTENBERG: Update the chart on page 161 of Senate report 101-865, part I on the recipients of rail modernization for fiscal years 1985 through 1990.

ANSWER: The information follows:

SECTION 3 DISCRETIONARY RAIL MODERNIZATION FUNDS AWARDED
(in Millions of Dollars)

URBANIZED AREA	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
Boston	24.9	69.6	13.1	51.4	16.6	71.4
New York	161.3	122.8	120.2	20.4	200.1	179.1
NE New Jersey	24.5	36.7	46.3	0	96.6	40.2
SW Connecticut	0	0	27.0	0	91.7	23.4
Philadelphia	6.0	91.3	52.5	53.6	86.8	53.6
S. New Jersey	0	0.6	0	21.9	0	0
Pittsburgh	42.8	0	3.6	0	0	4.0
Chicago	43.3	66.7	34.1	152.4	82.3	46.9
NW Indiana	0	0	0	0	0	18.3
Cleveland	11.3	11.3	0	16.2	0	19.6
Detroit	0	0	0	0	0	0
San Francisco	26.5	47.0	22.0	35.0	18.2	21.0
Dallas	0	0	0	1.2	0	0
Baltimore	0	0	0	9.8	13.5	8.2
New Orleans	2.4	33.0	0	2.6	1.1	5.8
Lowell, MA	0	0	0	0	0	0
Johnstown, PA	0	0	0	0	0	0
Chattanooga, TN	0	0	0	0	0	0

Seattle	0	0	0	0	0	0
Indianapolis	0	0	0	0.8	0	0
Wash, DC (No Va)	0	0	0	0.8	0	0
TOTALS	343.0	479.0	318.8	366.1	606.9	491.5

SENATOR LAUTENBERG: List the amount and percent distribution of rail modernization funds to recipients for fiscal years 1988, 1989, and 1990. Also, include the amount and percent of its Section 9 each area spent on rail modernization during this period.

ANSWER: The information follows:

UMTA OBLIGATIONS
DISCRETIONARY/FORMULA
RAIL MODERNIZATION CATEGORY
FISCAL YEARS 1988 - 1990
(In Millions of Dollars)

UZA (GRANTEE)	FY 88 SEC 3	FY 88 SEC 9	FY 88 TOTAL	FY 89 SEC 3	FY 89 SEC 9	FY 89 TOTAL	FY 90 SEC 3	FY 90 SEC 9	FY 90 TOTAL
BOSTON, MA (MBTA)	51.4	32.2	83.6	16.6	30.1	46.7	71.4	27.6	99.0
NEW YORK (MTA/NYCTA	20.4	431.0	451.4	200.1	204.9	40.5	179.1	202.4	381.5
NE NEW JERSEY (NJT)	0	59.3	59.3	96.6	34.6	131.2	40.2	41.6	81.8
SW CONNECTICUT (CONNDOT)	0	8.0	8.0	91.7	0	91.7	23.4	0	25.8
PHILADELPHIA, PA (SEPTA, DRPA)	75.5	39.3	114.8	86.8	34.0	120.8	53.6	40.7	94.3
PITTSBURGH, PA (PAT)	0	2.4	2.4	0	0.6	0.6	4.0	0.5	4.5
CHICAGO, IL (CTA/CRT. NIRPC	152.4	77.9	230.3	82.3	39.1	121.4	65.2	44.0	109.2
CLEVELAND, OH (GCRTA)	16.2	0.3	16.5	0	0	0	19.6	0.3	19.9
SAN FRANCISCO, CA (MUNI, BART CALTRANS)	35.0	24.3	59.3	18.2	12.3	30.5	21.0	17.9	38.9
OTHERS	15.2	33.7	48.9	14.6	23.8	38.4	14.0	36.1	47.7
GRAND TOTALS	366.1	708.4	1074.5	606.9	379.4	986.3	491.5	411.1	902.6

UMTA OBLIGATION PERCENTAGES
DISCRETIONARY/FORMULA
RAIL MODERNIZATION CATEGORY
TOTAL (SECTION 3 & FORMULA) OBLIGATIONS
FISCAL YEARS 1988 - 1990

	FY 88			FY 89			FY 90		
UZA (GRANTEE)	SEC 3	SEC 9	TOTAL	SEC 3	SEC 9	TOTAL	SEC 3	Sec 9	TOTAL
BOSTON, MA (MBTA)	14%	5%	8%	3%	8%	5%	15%	7%	11%
NEW YORK (MTA/NYCTA	6%	61%	42%	33%	54%	41%	36%	49%	42%
NE NEW JERSEY (NJT)	0%	8%	6%	16%	9%	13%	8%	10%	9%
SW CONNECTICUT (CONNDOT)	0%	1%	1%	15%	0%	9%	5%	0%	3%
PHILADELPHIA, PA (SEPTA, DRPA)	21%	6%	11%	14%	9%	12%	11%	10%	10%
PITTSBURGH, PA (PAT)	0%	0%	0%	0%	0%	0%	1%	0%	0%
CHICAGO, IL (CTA/CRT. NIRPC	42%	11%	21%	14%	10%	12%	13%	11%	12%
CLEVELAND, OH (GCRTA)	4%	0%	2%	0%	0%	0%	4%	0%	2%
SAN FRANCISCO, CA (MUNI, BART CALTRANS)	10%	3%	6%	3%	3%	3%	4%	4%	4%
OTHERS	4%	5%	5%	2%	6%	4%	3%	9%	5%
GRAND TOTALS	100%	100%	100%	100%	100%	100%	100%	100%	100%

SENATOR LAUTENBERG: Provide a brief description of the full funding contracts in existence. (Update chart on page 180 of Senate Report 101-865, part 1.)

ANSWER: The information follows:

OUTSTANDING FULL FUNDING GRANT AGREEMENTS AS OF 3/29/91
(DOLLARS IN MILLIONS)

UZA	ISSUE/ COMPLETE DATE	PROJECT NUMBER	PROJECT DESCRIPTION	FFGA AMOUNT	OBLIG. THRU FY90	FFGA BALANCE	FY91 UNOBLIG. EARMARK/ COMMT.	FY91 OBLIG.	FY92 UNFUNDED LIABILITY
BALTIMORE	12/21/88 12/31/94	MD-23-9002	METRO-SEC. C	$273.4	$164.3	$109.1	$0.0	$59.8	$49.3
WASHINGTON	07/16/86 12/31/94	IT-75-0007	METRORAIL	$1,135.0	$1,026.1	$108.9	$63.8	$0.0	$45.1
MIAMI	03/23/89 12/31/93	FL-03-0085	METRO EXT.	$186.0	$135.6	$50.4	$39.7	$0.0	$10.7
CHICAGO	07/28/86 10/01/93	IL-23-9020	S.W. RAIL	$348.5	$345.8	$2.7	$2.7	$0.0	-
ST. LOUIS	10/25/88 07/01/93	MO-03-0027	METRO LINK	$287.7	$216.0	$71.7	$55.7	$0.0	$16.0

DENVER	12/06/89 12/31/92	CO-03-0043	I-25 BUSWAY	$70.0	$36.6	$33.4	$33.4	$0.0	-
LOS ANGELES	04/10/90 09/29/98	CA-03-0341	MOS-2	$667.0	$329.7	$337.3	$149.3	$0.0	$188.0
SAN JOSE	06/09/89 06/30/92	CA-03-0328	COMMUTER RAIL	$23.7	$18.2	$5.5	$5.5	$0.0	-
PORTLAND	03/24/82	OR-23-9001	BANFIELD	$145.0	$145.0	-	-	-	-
	09/30/86	OR-03-0025	LRT	$92.8	$87.0	$5.8	$5.8	-	-
TOTAL				$3,229.1	$2,504.3	$724.8	$355.9	$59.8	$309.1

NOTE:

-CHICAGO'S 200 RAIL CAR CONTRACT AMOUNT WAS DECREASED IN FY 1990.
-SAN DIEGO'S LRT CONTRACT AMOUNT WAS DECREASED IN FY 1990.
-WASHINGTON'S METRORAIL CONTRACT AMOUNT WAS INCREASED IN FY 1990.
-PORTLAND'S BANFIELD LRT WAS COMPLETED IN FY 1986 BUT THERE ARE $5.8M UNOBLIGATED FUNDS IN THE GRANT AGREEMENT.

SENATOR LAUTENBERG: What full funding contracts are still being negotiated? Briefly describe them.

ANSWER: UMTA is negotiating full funding grant agreements ("FFGAs") for three projects.

First, UMTA is negotiating with the Metropolitan Atlanta Rapid Transit Authority (MARTA) to provide $82 million in Federal funding now available for an extension to the North Line of MARTA's rapid transit system; the 1.3 mile extension would run from the Medical Center station to the Dunwoody station. We expect to complete this FFGA with MARTA within the current fiscal year.

Second, UMTA is negotiating with the Jacksonville Transportation Authority (JTA) to provide $30.8 million in Federal funding now available for an extension to the Automated Skyway Express ("ASE"); the 0.6 mile extension would run from the Central Avenue terminus north to a station at the Florida Community College at Jacksonville. We expect to complete this FFGA with JTA within the current fiscal year, provided that JTA is able to complete an environmental reevaluation and a revised financing plan for the project.

Third, pursuant to a directive in the Department's Appropriations statute for the current fiscal year, UMTA is negotiating with the Tri-County Metropolitan Transportation District (Tri-Met) for a FFGA for the Westside light rail project in Portland, Oregon. Presently, however, there is only $1 million in Federal funding available for the project, and a FFGA for the entire 12-mile system will depend upon reauthorization of the UMTA program. Tri-Met must also first complete the environmental impact statement for the project, and the State of Oregon must enact legislation for its share of the local match for a FFGA.

SENATOR LAUTENBERG: Provide a breakdown covering the last three years on the utilization of Section 3 discretionary funds.

ANSWER: The information follows:

Utilization of Section 3 Discretionary Funds

(In Millions of Dollars)

UZA SIZE (POP.)	BUS FY 88	BUS FY 89	BUS FY 90	RAIL FY 88	RAIL FY 89	RAIL FY 90	NEW STARTS FY 88	NEW STARTS FY 89	NEW STARTS FY 90
Over 1 Million	86.2	146.6	122.9	363.3	606.9	491.5	355.2	355.1	456.2
200,000-1 Million	11.4	37.9	23.2	2.7	0	0	0	5.8	0
50,000 - 200,000	3.7	1.0	26.0	0	0	0	0	0	0
Under 50,000	117.8	11.5	14.7	0	0	0	0	0	0
TOTAL	119.1	197.0	186.8	366.0	606.9	491.5	355.2	360.9	456.2

SENATOR LAUTENBERG: Provide for the record state-by-state data on contributions into the Mass Transit Account of the Highway Trust Fund over the past five years and, for the same period, how much funding from the programs financed out of that account have gone into each state.

ANSWER: The 1990 data on the contributions to the Highway Trust Fund, by State, are still being compiled by the Federal Highway Administration. These data will be provided to the Subcommittee, when they are available, under separate cover.

SENATOR LAUTENBERG: Please furnish for the record data on the distribution by size-of-place of Section 3 grants, particularly the amounts going each year into urbanized areas of less than 200,000 population and into non-urbanized areas.

ANSWER: The information follows:

Utilization of Section 3 Discretionary Funds

(In Millions of Dollars)

UZA SIZE (POP.)	FY 1988	FY 1989	FY 1990
Over 1 Million	804.7	1,108.6	1,070.6
200,000 - 1 Million	14.1	43.7	23.2
50,000 - 200,000	3.7	1.0	26.0
Under 50,000	17.8	11.5	14.7
Total	840.3	1,164.8	1,134.5

SENATOR LAUTENBERG: Briefly describe the Rostenkowski amendment and how it controls obligations and outlays from the transit trust fund.

ANSWER: The Rostenkowski amendment sets forth a financial safety factor to ensure the fiscal integrity of the Mass Transit Account of the Highway Trust Fund. Technically, the rule is that cumulative authority to spend trust fund resources cannot exceed cumulative trust fund revenues by more than the next year's anticipated revenues. Limiting spending authority in this manner ensures a solvent trust fund.

Thus, the effect of the Rostenkowski amendment is to prevent cumulative authorized obligations from exceeding the cash required to fund those obligations by the end of the following year. Similiarly, outlays may not be made until obligations are incurred. The net effect of the Rostenskowski amendment is to cause the Mass Transit Account to maintain a cash balance that is at least sufficient to cover the obligated and the unliquidated balances charged against the trust fund account.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
PROJECTIONS
($ in thousands)

$3.7 BILLION
MAXIMUM LEVEL OF SUPPORT

	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE	FY 1995 ESTIMATE	FY 1996 ESTIMATE	FY 1997 ESTIMATE	FY 1998 ESTIMATE
Unexpended balance brought forward start of year	7,154.959	8,387,151	9,424.352	9,800.889	9,598.099	8,971,451	7,424.334	5,759.849
Cash income during year,								
Government receipts:								
Motor fuel taxes	1,732.000	1,911,000	1,961.000	2,008.000	2,054.000	1,666.000	1,682,660	1,699.487
Interest on investments	635.000	702.400	743.900	745.200	711.100	666.300	417.619	323.991
Total annual income	2,367,000	2,613,400	2,704,900	2,753,200	2,785,100	2,332.300	2,100,279	2,023.477
Cumulative income	13,988,518	16,601,918	19,306,818	22.060,018	24,825.118	27,157,418	29.257.697	31,281,174
Less: Outlays	(1,134,808)	(1,576,199)	(2,328,363)	(2,955,990)	(3,391,748)	(3,879,417)	(3,764,763)	
Unexpended balance brought forward end of year	8,387,151	9,424,352	9,800,889	9,598,099	8,971,451	7,424,334	5,759,849	
Interest rate	8.375%	7.875%	7.500%	7.125%	6.875%	6.625%	5.625%	5.625%

ROSTENKOWSKI TEST

Cumulative Prior Years Income	11,621,518	13,988,518	16,601,918	19,306,818	22,060,018	24,825,118	27,157,418
Current Year Income – TAXES	1,732,000	1,911,000	1,961,000	2,008,000	2,054,000	1,666,000	1,682,660
Current Year Income – INTEREST	635,000	702,400	743,900	745,200	711,100	666,300	417,619
Projected Income (next year)–TAXES	1,911,000	1,961,000	2,008,000	2,054,000	1,666,000	1,682.660	1,699,487
Projected Income (next year)–INTEREST	702,400	743,900	745,200	711,100	666,300	417,619	323,991
Income Used for Rostenkowski Test	16,601,918	19,306,818	22,060,018	24,825,118	27,157,418	29,257,697	31,281,175
Cumulative Prior Year Authorizations	9,013,700	10,413,700	14,113,700	17,813,700	21,513,700	25,213,700	28,913,700
Current Year Authorization	1,400,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Authorizations Used for Rostenkowski	10,413,700	14,113,700	17,813,700	21,513,700	25,213,700	28,913,700	32,613,700
Difference=Income minus Authorizations	6,188,218	5,193.118	4,246,318	3,311,418	1,943,718	343,997	(1,332,525)
Pass=+ Fail=()	PASS	PASS	PASS	PASS	PASS	PASS	FAIL

SENATOR LAUTENBERG: Assuming a five-year reauthorization, 1992-1996, what program level could the Mass Transit Account of the Highway Trust Fund support without violating the Rostenkowski amendment?

ANSWER: Under current law, gas tax revenue is one and one-half cents per gallon from fiscal years 1991 through 1995 and one cent in fiscal year 1996. Based on this revenue stream, the Mass Transit Account of the Highway Trust Fund could support a maximum level of $3.7 billion through fiscal year 1996 without failing the Rostenkowski amendment as shown in the following table.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
PROJECTIONS
($ in thousands)

			$3.7 BILLION MAXIMUM LEVEL OF SUPPORT				
	FY 1990 ACTUAL	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE	FY 1995 ESTIMATE	FY 1996 ESTIMATE
MASS TRANSIT ACCOUNT							
Unexpended balance brought forward start of year	6,057,342	7,154,959	8,387,151	9,424,352	9,800,889	9,598,099	8,971,451
Cash income during year,							
Government receipts:							
Motor fuel taxes	1,395,249	1,732.000	1,911,000	1,961,000	2,008,000	2,054,000	1,666,000
Interest on investments	581,321	635,000	702,400	743,900	745,200	711,100	666,300
Total annual income	1,976,570	2,367,000	2,613,400	2,704,900	2,753,200	2,765,100	2,332,300
Less: Outlays	(878,953)	(1,134,808)	(1,576,199)	(2,328,363)	(2,955,990)	(3,391,748)	(3,879,417)
Unexpended balance brought forward end of year	7,154,959	8,387,151	9,424,352	9,800,889	9,598,099	8,971,451	7,424,334
Interest rate	8.875%	8.375%	7.875%	7.500%	7.125%	6.875%	6.625%
Authorization	1,281,800	1,400,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Unfunded authorization	(2,607,818)	(3,574,818)	(2,488,218)	(1,493,118)	(546,318)	388,582	1,756,282
Obligation Limitation	1,135,645	1,400,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Anticipated revenues	2,367,000	2,613,400	2,704,900	2,753,200	2,765,100	2,332,300	2,100,279
Difference	(4,974,818)	(6,188,218)	(5,193,118)	(4,246,318)	(3,311,418)	(1,943,718)	(343,997)
Rostentowski (1=pass, 0=fail)	PASS	PASS	PASS	PASS	PASS	PASS	PASS

TRANSIT TRUST FUND

SENATOR LAUTENBERG: Provide a cash status table of the Mass Transit Account for the period 1992 to 1996 under the Administration's proposal.

ANSWER: Under the Administration's proposal the cash balance in the Mass Transit Account at the end of fiscal year 1996 would be $8.6 billion. (See the following table.)

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
PROJECTIONS
($ in thousands)

		ADMINISTRATION'S PROPOSED REAUTHORIZATION				
	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE	FY 1995 ESTIMATE	FY 1996 ESTIMATE
MASS TRANSIT ACCOUNT						
Unexpended balance brought forward start of year	7,154,959	8,387,151	9,446,877	9,936,039	9,981,025	9,692,253
Cash income during year,						
Government receipts:						
Motor fuel taxes	1,732,000	1,911,000	1,961,000	2,008,000	2,054,000	1,666,000
Interest on investments	635,000	702,400	743,900	745,200	711,100	666,300
Total annual income	2,367,000	2,613,400	2,704,900	2,753,200	2,765,100	2,332,300
Less: Outlays	(1,134,808)	(1,553,674)	(2,215,738)	(2,708,214)	(3,053,872)	(3,454,987)
Unexpended balance brought forward end of year	8,387,151	9,446,877	9,936,039	9,981,025	9,692,253	8,569,566
Interest rate	8.375%	7.875%	7.500%	7.125%	6.875%	6.625%
Authorization	1,400,000	3,249,499	3,249,499	3,249,499	3,249,479	3,320,499
Unfunded authorization	(3,574,818)	(2,938,719)	(2,394,120)	(1,897,821)	(1,413,442)	(425,243)
Obligation Limitation	1,400,000	3,249,499	3,249,499	3,249,499	3,249,479	3,320,499
Anticipated revenues	2,613,400	2,704,900	2,753,200	2,765,100	2,332,300	2,164,698
Difference	(6,188,218)	(5,643,619)	(5,147,320)	(4,662,921)	(3,745,742)	(2,589,941)
Rostentowski (1=pass, 0=fail)	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**

SENATOR LAUTENBERG: Does the Administration's proposal at any time fail the Rostenkowski amendment test?

ANSWER: The Administration's proposal of $3.2 to $3.3 billion in fiscal years 1992 through 1996 passes the Rostenkowski amendment test. However, considering current law and the additional one-half cent per gallon of gas tax revenue ceases in fiscal year 1995, a program level of $3.3 billion could only be sustained through fiscal year 1998, failing the Rostenkowski amendment test in 1999.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
PROJECTIONS
($ in thousands)

ADMINISTRATION'S REAUTHORIZATION
PROPOSAL FAILS IN FY 1999

	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE	FY 1995 ESTIMATE	FY 1996 ESTIMATE	FY 1997 ESTIMATE	FY 1998 ESTIMATE	FY 1999 ESTIMATE
MASS TRANSIT ACCOUNT									
Unexpended balance brought forward start of year	7,154,959	8,387,154	9,446,903	9,936,109	9,981,103	9,692,386	8,569,750	7,488,150	6,305,763
Cash income during year,									
Government receipts:									
Motor fuel taxes	1,732,000	1,911,000	1,961,000	2,008,000	2,054,000	1,666,000	1,682,660	1,699,487	1,716,481
Interest on investments	635,003	702,424	743,944	745,208	711,154	666,352	567,746	421,208	354,699
Total annual income	2,367,003	2,613,424	2,704,944	2,753,208	2,765,154	2,332,352	2,250,406	2,120,695	2,071,181
Less: Outlays	(1,134,808)	(1,553,674)	(2,215,738)	(2,708,214)	(3,053,872)	(3,454,987)	(3,332,006)	(3,303,082)	(3,305,033)
Unexpended balance brought forward end of year	8,387,154	9,446,903	9,936,109	9,981,103	9,692,386	8,569,750	7,488,150	6,305,763	5,071,911
Interest rate	8.375%	7.875%	7.500%	7.125%	6.875%	6.625%	5.625%	5.625%	5.625%
Authorization	1,400,000	3,249,499	3,249,499	3,249,499	3,249,479	3,320,499	3,320,499	3,320,499	3,320,499
Unfunded authorization	(3,574,821)	(2,938,746)	(2,394,190)	(1,897,900)	(1,413,574)	(425,427)	644,666	1,844,470	3,093,789
Obligation Limitation	1,400,000	3,249,499	3,249,499	3,249,499	3,249,479	3,320,499	3,320,499	3,320,499	3,320,499
Anticipated revenues	2,613,424	2,704,944	2,753,208	2,765,154	2,332,352	2,250,406	2,120,695	2,071,181	2,018,941
Difference	(6,188,245)	(5,643,689)	(5,147,399)	(4,663,053)	(3,745,926)	(2,675,833)	(1,476,029)	(226,710)	1,074,847
Rostentowski (1=pass, 0=fail)	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**	**PASS**	**FAIL**

NEW STARTS

SENATOR LAUTENBERG: Provide a status of the projects which received new start earmarks in the fiscal years 1988, 1989, 1990, and 1991. For each year, list the city, amount of earmark, and the funds remaining unobligated.

ANSWER: The information follows:

STATUS OF EARMARKED NEW START PROJECTS
MARCH 1991

PROJECT BY PHASE	EARMARKED AMOUNT* ($ in millions)				UNOBLIGATED EARMARKS
Under Construction/Final Design	FY 1988	FY 1989	FY 1990	FY 1991	
Atlanta (East Line)	$65.5	$28.7			$0.0
Atlanta (Northwest Line)	40.0	41.0			0.0
Denver (North I-25 Bus/HOV)	14.1	15.9	$15.9	$17.5	33.4
Jacksonville (ASE Extension)	4.0	7.0	14.9	13.9	28.8
Los Angeles (MOS-1/MOS-2)	139.8	147.3	138.9	149.3	149.3
Miami (Metromover Legs)	17.4	14.4	11.9	11.9	39.7
St. Louis (Airport LRT)	54.2	59.7	67.0	55.7	55.7
San Francisco (Colma)			28.3**	39.8**	68.1**
Seattle (Bus Tunnel)	67.2	17.9			0.1
Preliminary Engineering					
Atlanta (North Line)			52.1	29.9	81.9
Dallas (South Oak Cliff LRT)				19.9	19.9
Honolulu (Rapid Transit)				10.9	10.9
Portland (Westside LRT)				1.0	1.0
Salt Lake City (South LRT)	3.6	5.0	2.0	5.0	15.5
Alternatives Analysis					
Baltimore (Central LRT Extensions)		6.0	6.0	5.0	14.3
Chicago (Central Connector)				15.9	15.9
Cleveland (Dual Hub)			2.0	5.0	7.0
Houston (Priority Corridor)		49.8	64.5	31.8	146.1
New Jersey (Waterfront)				19.9	19.9
St. Louis (St. Clair)				4.0	4.0
San Diego (Mid-Coast)				0.4	0.4
San Jose (Tasman)			**	**	**
System Planning					
Chattanooga (Trolley)				1.0	1.0
Portland (Breakeven)		5.5	7.9		13.3
Newark (Airport)		2.0	5.0		5.0
TOTALS	$405.7	$400.0	$416.2	$437.8	$731.2

* Earmarked amount reflects 1/2 percent takedown for Project Management Oversight

** The Metropolitan Transportation Commission has yet to decide the allocation of San Francisco's earmark between the Colma and Tasman projects

SENATOR LAUTENBERG: Provide the new start project profile similar to that reported on pages 164 through 180, Senate Report 101-865, part 1.

ANSWER: Following are the new starts project profiles. Profiles have been prepared for each project or study undergoing final design, preliminary engineering, and alternative analysis. In addition, profiles have been prepared for projects that are under construction if additional funds are needed in FY 1992 to fulfill full funding contract commitments. A few system planning studies, particularly those where congressional interest has been demonstrated, are also covered.

Each profile contains a map and five sections:

(1) Description. The description section briefly describes a project's physical characteristics and provides the latest estimates of cost and ridership.

(2) Status. This section identifies where the project is in the major investment planning and project development process. It indicates, for example, whether alternatives analysis and preliminary engineering have been completed.

(3) Cost-effectiveness. This section indicates how well the project addresses the corridor's transportation problems and presents the latest cost-effectiveness index. The calculation and use of the cost-effectiveness index is further described below.

(4) Local financial commitment. This section notes the size of the local match and/or overmatch, and provides UMTA's rating on the soundness of the capital finance plan and the stability and reliability of local operating revenues. The financial ratings process is further described below.

(5) Other rating factors. Other factors which may be important in identifying the most meritorious projects are described in this section. These factors include the project's contribution to improving air quality, support for economical and desirable urban development, and indicators of community support (as demonstrated through local commitments to supportive land use and transportation policies).

The New Start Project Profiles are too numerous for insertion here. However, they are the same profiles as contained in the Section 304 Report.

TABLE OF CONTENTS

NEW START PROJECT PROFILES

(January 1991)

	Page
PREFACE	B-3

PROJECT PROFILES AND MAPS

CITY	CORRIDOR	Page
1. Atlanta	North Line Extension	B-12
2. Baltimore	Central LRT Extensions	B-15
	Northeast Extension	B-18
3. Boston	South Boston Piers	B-21
4. Buffalo	Amherst	B-24
5. Chattanooga	Downtown	B-27
6. Chicago	Central Area Connector	B-29
7. Cleveland	Dual Hub	B-32
8. Dallas	South Oak Cliff	B-36
9. Honolulu	Central	B-39
10. Houston	Priority Corridor	B-42
11. Jacksonville	Downtown (ASE Extension)	B-45
12. Los Angeles	Red Line - MOS-2	B-49
	Red Line - MOS-3	B-51
	Orange Line - East	B-53
	Orange Line - West	B-55
13. Memphis	Main St.	B-58
14. Miami	Metro Mover Extensions	B-61
15. New Jersey	Waterfront	B-64
	Newark	B-67
16. New York City	Queens Local Connection	B-70
17. Orange Co. (CA)	Central	B-74
18. Pittsburgh	Spine Line	B-77
19. Portland	Westside	B-80
	Hillsboro	B-84
20. St. Louis	Airport	B-87
	St. Clair	B-90
21. Salt Lake City	South (I-15)	B-93
22. San Diego	Mid Coast	B-96
23. San Francisco	BART Colma Station	B-99
	Colma to Airport	B-102
24. San Jose	Tasman	B-105
25. Seattle	COG Box	B-108
26. Washington	Metrorail Extensions	B-110

NEW STARTS PIPELINE B-114

SENATOR LAUTENBERG: Provide for the record the Section 304 report on new starts.

ANSWER: The Section 304 report on Funding Levels and Allocations of Funds for FY 1992 is now in the final stages of development and will be provided to the committee shortly.

Section 304 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 added Section 3(j) to the Urban Mass Transportation Act of 1964, as amended. Section 3(j) requires the Secretary to submit an annual report to Congress making recommendations on the allocation of discretionary New Start funds. The report which is being developed will meet these requirements by describing the projects which are now proceeding through the project development process and making recommendations about which projects are worthy of Federal assistance in FY 1992. The projects are judged based on the criteria for New Start projects contained in Section 3(i) of the UMT Act which states that New Start projects must be cost-effective and supported by an adequate degree of local financial commitment to be eligible for Section 3 funding.

The Department believes that this is an extremely important document which can provide detailed information for the Congress on the worthiness of candidate New Start projects. Our reauthorization proposal would reinforce this requirement by making it mandatory that a project be recommended for funding in the most recent Section 3(j)/304 report in order to be eligible for Section 3 funds.

SENATOR LAUTENBERG: List a description of UMTA-assisted rail mileage that opened in fiscal year 1989 and 1990 and projected for 1991. (Include a city and segment description, and the source of federal funding.)

ANSWER: The list of rail lines that recently opened to revenue service and are projected to open in 1991 follows.

RECENTLY OPENED
UMTA ASSISTED RAIL PROJECTS

City	Description	Mileage	Federal Funding ($in millions)	Funding Source	Year Opened
New York, N.Y.	E/J routes (Archer Avenue): Van Wyck to Parsons	2.5	$370	Sec. 3	1988
	E/F Route (63rd Street tunnel): Lexington Ave. to 21st Street, Queens	1.0	$280	Sec. 3	1989
San Diego, Cal.	East Line: Euclid to El Cajon	11.0	$58	Sec.3	1989
Jacksonville, Fl.	Automated Skyway Express: Terminal to Central	0.7	$26	Sec.3/9	1989

Seattle, Wash.	Downtown Bus Tunnel: Convention Center to International Square	1.3	$197	Sec. 3	1990
Washington, DC	Red Line: Silver Spring to Wheaton	3.0	$240	Stark-Harris	1990
FUTURE OPENINGS					
Santa Clara Co. Cal.	Guadelupe LRT South: Tamien(Alma) to Santa Teresa	8.0	$165	Sec. 3	April 1991
Washington, DC	Green Line: Gallery Place to U St., NW	1.7	$205	Stark-Harris	May 1991
	Yellow Line: King St. to Van Dorn St.	3.7	$90	Stark-Harris	June 1991

SENATOR LAUTENBERG: Update the table contained on pages 182 and 183 of Senate report 101-865, regarding the "new start pipeline" table and estimated Section 3 funding demand.

ANSWER: The new start pipeline table follows. It shows that the total estimated Section 3 cost to complete all 40 of these projects in the pipeline is nearly $8 billion.

URBAN MASS TRANSPORTATION ADMINISTRATION
NEW STARTS PIPELINE
(ESCALATED $ IN MILLIONS)

PHASE	CITY & PROJECT	COST-EFF INDEX ($/TRIP)	TOTAL COST (FED,STA & LOC)	SEC 3 COST	OTHER FEDERAL COST	STATE/ LOCAL COST	SEC 3 OBLIGATNS TO DATE (1-31-91)	SEC 3 COST TO COMPLETE	FY 1991 & PRIOR YEAR UNOBLIGATED EARMARKS	ESTIMATED COMPLETION DATE (THIS PHASE)
UNDER CONSTRUCTION	1 ATLANTA-EAST RRT	$5.00	$170	$128	$0	$42	$128.0	$0.0		1993
	2 ATLANTA-NORTHEAST RRT	$5.95	$118	$81	$8	$29	$81.0	$0.0		12/92
	3 BALTIMORE-HOPKINS RRT*	$13.71	$322	$0	$274	$48	$0.0	$0.0		1994
	4 CHICAGO-SOUTHWEST RRT*	$6.49	$410	$0	$349	$61	$0.0	$0.0		10/92
	5 DENVER-NORTH I-25 HOV*	$4.40	$230	$70	$64	$96	$36.6	$33.4	$33.4	12/93
	6 HOUSTON-NORTH I-45 HOV*	$4.94	$78	$47	$0	$31	$47.0	$0.0		1993
	7 HOUSTON-SOUTHWEST HOV*	$4.73	$102	$62	$0	$40	$62.0	$0.0		1996
	8 LOS ANGELES - MOS-1 RRT*	$6.45	$1,350	$605	$91	$654	$605.0	$0.0		9/93
	9 LOS ANGELES - MOS-2 RRT*	NA	$1,446	$667	$0	$779	$329.7	$337.3	$149.3	1998
	10 MIAMI-DPM EXTENSIONS*	$15.20	$248	$186	$0	$62	$135.6	$50.4	$39.7	9/93
	11 MEMPHIS-TROLLEY LRT	$7.69	$33	$0	$25	$8	$0.0	$0.0		8/92
	12 ST. LOUIS-AIRPORT LRT*	$8.95	$384	$288	$2	$94	$216.0	$71.7	$55.7	9/93
	13 SANTA CLARA-GUADELUPE LRT*	NA	$510	$206	$52	$252	$206.0	$0.0		4/91
	SUBTOTAL		$5,401	$2,340	$865	$2,196	$1,847	$493	$278.1	
FINAL DESIGN	1 HOUSTON-EASTEX HOV	NA	$128	$0	$62	$66	$0.0	$0.0		6/91
	2 JACKSONVILLE-DPM EXTENSION	NA	$135	$100	$0	$35	$4.0	$96.0	$28.8	6/91
	3 LOS ANGELES - MOS-3 RRT	NA	$1,100	$550	$0	$550	$0.0	$550.0		1994
	4 SAN FRANCISCO-COLMA	$6.26	$140	$105	$0	$35	$0.0	$105.0	$66.1	1992
	SUBTOTAL		$1,503	$755	$62	$686	$4	$751	$94.9	
PRELIMINARY ENGINEERING	1 ATLANTA-NORTH EXT.	$8.67	$439	$329	$0	$110	$0.0	$329.0	$82.0	3/91
	2 DALLAS- S. OAK CLIFF LRT**	$8.44	$300	$125	$0	$175	$0.0	$125.0	$19.9	9/91

	3 HONOLULU-CENTRAL	$5.19	$915	$485	$0	$430	$5.0	$480.0	$10.9	3/92
	4 NEW YORK-QUEENS	$5.06U	$645	$322	$0	$323	$0.0	$322.0		1992
	5 PORTLAND-WESTSIDE LRT	$15.00	$703	$527	$0	$176	$0.0	$527.0	$1.0	9/91
	6 SALT LAKE CITY- S. I-15 LRT	$7.97	$200	$100	$0	$100	$0.0	$100.0	$15.5	1992
	7 WASHINGTON (11 miles)	NA	$2,100	$0	$1,320	$780	$0.0	$0.0		1992
	SUBTOTAL		$3,202	$1,888	$0	$1,314	$5.0	$1,883	$129.3	
ALTERNATIVES ANALYSIS	1 BALTIMORE-HUNT VALLEY **	$26.00	$45	$33	$0	$12	$2.0	$31.0	$14.3	3/91
	2 BALTIMORE-AIRPORT **	NA	$26	$19	$0	$7	$0.0	$19.0		6/91
	3 BALTIMORE-PENN STATION **	NA	$12	$9	$0	$3	$0.0	$9.0		9/91
	4 BOSTON-FAN PIERS	$7.60	$400	$200	$0	$200	$0.0	$200.0		1992
	5 BUFFALO-AMHERST	$50.00	$400	$300	$0	$100	$0.0	$300.0		1992
	6 CHICAGO-CENTRAL **	NA	$740	$250	$0	$490	$1.0	$249.0	$15.9	6/91
	7 CLEVELAND-DUAL HUB	NA	$570	$285	$0	$285	$0.0	$285.0	$7.0	1992
	8 HOUSTON-CONNECTOR	$7-12	$1,560	$936	$0	$624	$0.0	$936.0	$146.2	3/91
	9 NEW JERSEY-WATERFRONT	NA	$950	$713	$0	$237	$20.0	$693.0	$19.9	1992
	10 ORANGE CO.(CA)-CENTRAL	$4.35	$262	$197	$0	$65	$0.0	$197.0		6/91
	11 PITTSBURGH-SPINE LINE	$8.00	$600	$450	$0	$150	$0.0	$450.0		1992
	12 PORTLAND-HILLSBORO	NA	$180	$135	$0	$45	$0.0	$135.0		9/91
	13 ST. LOUIS - ST. CLAIR	NA	$300	$225	$0	$75	$0.5	$225.0	$4.0	1992
	14 SAN DIEGO-MID COAST	NA	$500	$375	$0	$125	$0.0	$375.0	$0.4	9/91
	15 SAN FRANCISCO-AIRPORT **	$13.51	$560	$420	$0	$140	$0.0	$420.0		1992
	16 SAN JOSE-TASMAN	$15.00	$350	$175	$0	$175	$0.0	$175.0	$2.0	6/91
	SUBTOTAL		$7,455	$4,722	$0	$2,733	$23.5	$4,699.0	$209.7	
	TOTAL: FOUR PHASES		$17,561	$9,705	$927	$6,929	$1,879	$7,826	$712.0	

SYSTEM PLANNING TOTAL COST OF 59 PROJECTS IN SYSTEM PLG (INCLUDING NEWARK-AIRPORT) OVER $13 BILLION.

* FULL FUNDING GRANT AGREEMENT IN PLACE NA = NOT AVAILABLE
** OVERMATCH INITIATIVE PROJECTS
U-USER BENEFIT INDEX

SENATOR LAUTENBERG: List the projects under construction that are using Federal funds.

ANSWER: The following thirteen new starts projects are under construction using Federal Section 3, 9 and Interstate Transfer funds.

NEW START PROJECTS UNDER CONSTRUCTION
(In millions of dollars)

City/Project	Total Cost	Federal Cost	Estimated Completion
Atlanta - East Line	$170	$128	1993
- Northeast	118	89	12/92
Baltimore - Section C	322	274*	1994
Chicago - Southwest	410	349*	10/92
Denver - North I-25 HOV	230	134**	12/93
Houston - North HOV	78	47	1993
- Southwest HOV	102	62	1996
Memphis - Trolley LRT	33	25***	8/92
Miami - DPM Ext.	248	186	9/93
Los Angeles - MOS-1	1,350	696	9/93
MOS-2	1,446	667	1998
Santa Clara - Guadelupe (South)	510	258	4/91
St. Louis - Airport LRT	384	288	9/93

* Interstate Transfer Funds

** Includes $70 million in Section 3 funds and $64 million in Federal Aid Highway Funds

*** Includes $20 million Interstate transfer and $4.5 million in Section 9 Funds

SENATOR LAUTENBERG: In the surface reauthorization bill, you propose a new start mark of $300 million in FY 1992 and FY 1993, $380 million in FY 1994 and FY 1995 and $400 million in FY 1996. How were these funding levels chosen?

ANSWER: We believe that these levels will be adequate to assist worthy New Start projects now being proposed. At the 50 percent maximum Federal share for New Starts projects proposed in the reauthorization bill, a total of at least $3.5 billion would be available for New Start projects over the next five years.

SENATOR LAUTENBERG: What particular projects would receive these funds?

ANSWER: We are currently in the process of analyzing and ranking the projects against the criteria established in Section 3(i). We believe that in FY 1992 it is appropriate to provide funds to projects which meet the criteria in Section 3(i) of the UMT Act and which have proceeded far enough in the project development process so that they are ready for discretionary capital funding (usually for final design). As projects are designed and local financial plans are firmed up, we will then be in a position to determine which projects are ready for funding in FY 1993 and after.

SENATOR LAUTENBERG: After providing the approximately $211 million for cities with full funding contracts, how will the administration disburse the remaining funds (amount by city)?

ANSWER: The Administration's recommendations on specific funding allocations will be contained in the Section 3(j)/304 report which should be transmitted to Congress shortly. Projects which fully meet the guidelines we used in developing our recommendations include Los Angeles MOS-3, San Francisco - Colma, New York - Queens, Honolulu and Orange County. Other projects which could be funded are Atlanta - North, Dallas - South Oak Cliff and Portland - Westside.

SENATOR LAUTENBERG: How were these cities chosen to receive the remaining funds, and how were these funding levels chosen?

ANSWER: We are applying the following guidelines in the development our recommendations. First, projects should meet the criteria in Section 3(i) that they are cost-effective and supported by an adequate degree of local financial commitment. Second, funding should be allocated to projects which are expected to complete preliminary engineering in FY 1991 or FY 1992 and will then be ready for final design and construction. Third, firm funding commitments, in the form of Full Funding Grant Agreements (FFGA's), should not be made until preliminary engineering is complete, since costs, benefits and impacts are not known accurately until this level of engineering has been completed. Fourth, Letters of Intent (as authorized by Section 3(a)(4) of the UMT Act) which anticipate FFGA's, should be issued only to worthy projects which are far enough along in the process that their cost-effectiveness and level of local financial commitment can be established. Fifth, Letters of Intent should be awarded to the best projects in an order which is based on the degree to which each project meets the Section 3(i) criteria. Sixth, funding should be provided to the most worthy projects to permit them to proceed through the project development process on a reasonable schedule.

CAPITAL GRANTS

SENATOR LAUTENBERG: Provide a history of capital grant obligations FY 1984 through FY 1990, by category (bus, rail mod, new starts), including FAUS, Stark-Harris, and Interstate Transfer funds.

ANSWER: The information follows:

History of Capital Grant Obligations
FY 1984 Thru FY 1990
By Category
(DOLLARS IN MILLIONS)

	1984	1985	1986	1987	1988	1989	1990
BUS:							
Section 3	$190.9	$80.7	$164.2	$95.3	$119.1	$197.1	$187.0
Section 5	147.1	82.1	64.4	0.0	0.0	0.0	0.0
Section 9	523.3	600.5	653.9	673.4	594.7	519.3	497.1
Section 9A	56.4	24.6	36.3	0.0	0.0	0.0	0.0
Section 16b2	32.8	32.1	29.6	34.8	35.0	34.8	34.8
Section 18	66.8	56.8	58.9	40.8	51.4	34.6	34.5
Interstate Transfer	15.8	44.2	11.1	13.7	13.8	3.6	3.8
FAUS	4.5	0.2	4.2	6.4	6.0	0.5	3.8
TOTAL	1,039.6	921.2	1,022.6	864.4	820.0	789.9	761.0
RAIL MOD:							
Section 3	545.5	343.0	479.0	318.9	366.0	607.0	491.5
Section 5	0.0	0.1	0.7	0.0	0.0	0.0	0.0
Section 9	446.0	658.4	351.6	608.6	708.4	379.4	411.1
Section 9A	12.3	0.0	1.0	0.0	0.0	0.0	0.0
Interstate Transfer	106.2	78.8	36.8	48.0	71.2	118.8	96.2
TOTAL	1,110.0	1,080.3	869.1	975.5	1,145.6	1,105.2	998.8
NEW STARTS:							
Section 3	326.8	271.9	459.5	245.5	355.2	360.9	456.2
Section 5	0.0	0.0	11.2	0.0	0.0	0.0	0.0
Section 9	53.3	33.5	129.8	36.6	9.3	11.2	3.6
Section 9A	15.9	17.3	0.0	0.0	0.0	0.0	0.0
Interstate Transfer	87.9	109.1	196.1	135.4	54.6	114.4	59.0
Stark Harris-Metro	226.0	58.4	431.8	200.1	119.2	184.5	84.8
TOTAL	709.9	490.2	1,228.4	617.6	538.3	671.0	603.6
GRAND TOTALS:							
Capital Obligations	$2,859.5	$2,491.7	$3,120.1	$2,457.5	$2,503.9	$2,566.1	$2,363.4
UMTA obligations	$4,520.7	$3,559.7	$4,159.6	$3,434.3	$3,473.5	$3,535.6	$3,301.3

NOTE Data above reflects Capital Grant activity for the Office of Grants Management Only.
Amounts do not include project management oversight (PMO) obligations.
Section 9 includes 9B.
Section 18 Capital includes State and project administration.

DATA SOURCE: UGM Statistical Summaries, Table 1.

SENATOR LAUTENBERG: Contrast actual transit funding with highway funding for fiscal years 1980 through 1996, and the ratio of FHWA/UMTA for those years.

ANSWER: The following table enumerates total new budgetary resources for the UMTA program versus total FHWA obligations, by fiscal year. The annual ratio calculation shows the number of FHWA dollars made available per each UMTA dollar.

DEPARTMENT OF TRANSPORTATION
UMTA VS. FHWA
BUDGET AUTHORITY COMPARISON
($MILLIONS)

enacted/ proposed	FISCAL YEAR	UMTA	FHWA	FHWA/UMTA ratio (UMTA=1)
enacted	1980	3,987	8,884	2.2
enacted	1981	4,675	9,117	2.0
enacted	1982	3,534	8,765	2.5
enacted	1983	4,478	13,266	3.0
enacted	1984	4,243	13,857	3.3
enacted	1985	4,151	15,029	3.6
enacted	1986	3,512	14,703	4.2
enacted	1987	3,453	13,667	4.0
enacted	1988	3,218	13,899	4.3
enacted	1989	3,156	14,379	4.6
enacted	1990	3,047	15,278	5.0
enacted	1991	3,258	14,605	4.5
proposed	1992	3.329	15,979	4.8
proposed	1993	3,329	16,276	4.9
proposed	1994	3,329	16,846	5.1
proposed	1995	3,329	18,297	5.5
proposed	1996	3,400	20,297	6.0
	TOTAL	61,426	243,144	4.0

FEDERAL RELATIONSHIP

SENATOR LAUTENBERG: Why does the surface bill eliminate the direct relationship between UMTA and Section 9 grantees in areas under 200,000?

ANSWER: The Department seeks to assure that its transit assistance programs are responsive to locally determined needs. Under our current authorization, governors have had the authority to transfer funds among their State's areas under 200,000, and also between these areas and small-urban and rural areas. This flexibility has helped assure the matching of assistance with needs.

Because of the success of this approach, we are proposing to expand the Governor's role so that formula assistance can be allocated as needed among three programs: the Section 9 program for areas under 200,000, the Section 18 rural and small urban program, and the Section 16(b)(2) elderly and handicapped program. The funds from each program will be apportioned to the Governor who will allocate based upon the needs within a State.

To achieve this desirable flexibility, it seems most prudent to place program and administrative responsibilities in the Governor's hands because the State is best positioned to assess State-wide needs, and the Governor is directly accountable to the State's citizens.

SENATOR LAUTENBERG: Under your proposal, does this mean that all funding for areas under 200,000 in population will be in the hands of the governor of that State?

ANSWER: Yes. We believe that increasing flexibility among the three programs and having available a larger pool of transit and highway funding will meet transit's needs. Further, we believe that the successful process of local consultation which currently exists in the Governor's management of the Sections 16(b)(2) and 18 programs will extend to the Section 9 funds as well.

SENATOR LAUTENBERG: How much money in total is that for the programs in areas of less than 200,000 in population (for each year of your surface transportation bill)?

ANSWER: The answer to that question will be partially determined by data from the 1990 Census, which are not yet available. However, using 1980 Census data, the approximate figures are as follows:

Program Levels
($ in Millions)

	1992	1993	1994	1995	1996
Sec. 9	176.3	176.2	183.8	183.8	188.5
Sec. 18	89.0	89.0	89.0	89.0	89.0
Sec. 16(b)(2)	45.0	45.0	45.0	45.0	45.0
TOTAL	310.3	310.2	317.8	317.8	322.5

SENATOR LAUTENBERG: What restrictions apply to the governors concerning the use of that money?

ANSWER: State Governors will have total flexibility in the reallocation of funds among Sections 9, 18, and 16(b)(2). This is consistent with the flexibility that the Governors currently have under the existing Sections 9 and 18 programs.

However, once a Governor has reallocated funds to any one of the three programs, all established requirements of that particular program would apply to the use of those funds.

In addition, if the Governor chose to use any of these "transit" funds for "highway" purposes, he would first have to certify that there were no unmet transit needs among the small urbanized areas in the State. Those areas would also have to concur in the Governor's certification. This should safeguard the interests of transit in such instances.

SENATOR LAUTENBERG: Provide the amount of funds for each of the states affected by this proposal.

ANSWER: Under the Administration's Fiscal Year 1992 budget proposal, the following Section 9 funds for urbanized areas 50,000 - 200,000 in population would be apportioned to State Governors. The State agency designated by the Governor would be the applicant for these funds. The amounts apportioned under the Section 18 non-urbanized area program and Section 16(b)(2) elderly and handicapped program are also shown.

FUNDS FOR EACH STATE AFFECTED BY BUDGET PROPOSAL

STATE	FY 1992 SECTION 9 BUDGET PROPOSAL	FY 1992 SECTION 18 BUDGET PROPOSAL	FY 1992 SECTION 16(b)(2) BUDGET PROPOSAL
ALABAMA...............	$4,464,473	$2,128,005	$803,279
ALASKA................	905,288	231,558	144,092
AMERICAN SAMOA*.......		32,291	51,266
ARIZONA...............	389,641	804,471	579,181
ARKANSAS..............	1,315,354	1,722,746	601,210
CALIFORNIA............	14,374,788	3,809,122	3,718,645
COLORADO..............	2,949,346	872,728	487,300
CONNECTICUT...........	18,353,105	792,599	648,670
DELAWARE*.............		226,731	212,334
DISTRICT OF COLUMBIA**			237,665
FLORIDA...............	6,169,189	2,317,369	2,556,850
GEORGIA...............	3,435,834	2,859,292	924,593
GUAM*.................		105,958	128,998
HAWAII................	880,043	276,461	237,772
IDAHO.................	1,277,558	755,536	259,804
ILLINOIS..............	8,472,653	3,132,019	1,988,380
INDIANA...............	5,218,907	2,888,490	969,843
IOWA..................	2,911,962	1,981,559	673,626
KANSAS................	1,251,497	1,508,827	558,023
KENTUCKY..............	2,647,301	2,427,614	760,290
LOUISIANA.............	3,093,410	2,003,842	745,241
MAINE................	1,335,793	875,318	328,602
MARYLAND..............	1,172,175	1,075,392	720,631

MASSACHUSETTS.........	5,839,942	1,292,086	1,189,516
MICHIGAN..............	5,197,577	3,479,629	1,493,454
MINNESOTA.............	1,765,761	2,021,630	803,934
MISSISSIPPI...........	1,675,361	1,931,505	568,851
MISSOURI..............	2,064,473	2,296,112	1,062,793
MONTANA...............	1,493,388	577,956	245,268
NEBRASKA..............	1,405,418	935,490	416,009
NEVADA................	1,130,577	205,292	222,153
NEW HAMPSHIRE.........	1,690,695	627,418	271,832
NEW JERSEY............	1,325,829	1,073,010	1,393,829
NEW MEXICO............	641,068	777,420	298,793
NEW YORK..............	4,225,662	3,764,951	3,327,264
NORTH CAROLINA........	7,243,586	3,878,972	1,046,338
NORTH DAKOTA..........	1,269,461	475,779	236,823
NORTHERN MARIANAS*....		16,777	50,663
OHIO..................	4,112,378	4,258,580	1,860,313
OKLAHOMA..............	895,784	1,758,082	677,062
OREGON................	2,861,207	1,364,609	559,258
PENNSYLVANIA..........	8,192,363	4,694,715	2,349,407
PUERTO RICO...........	5,722,868	1,476,719	539,151
RHODE ISLAND..........	455,533	156,314	311,009
SOUTH CAROLINA........	1,432,035	1,931,762	569,825
SOUTH DAKOTA..........	909,313	551,951	252,874
TENNESSEE.............	1,558,509	2,504,130	921,120
TEXAS.................	14,329,341	5,099,823	2,168,006
UTAH..................	1,161,192	411,311	283,381
VERMONT...............	452,895	434,842	209,241
VIRGIN ISLANDS*........		96,550	130,993
VIRGINIA..............	3,245,835	2,301,895	876,832
WASHINGTON............	2,735,405	1,510,398	749,727
WEST VIRGINIA.........	2,988,140	1,545,960	479,668
WISCONSIN.............	6,794,204	2,368,633	920,831
WYOMING...............	853,260	351,771	177,487
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TOTAL.................	$176,287,375	$89,000,000	$45,000,000

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* - Receives no funds under Section 9.

** - Receives no funds under Sections 9 and 18.

ENVIRONMENTAL IMPACT REVIEWS

SENATOR LAUTENBERG: Why are you proposing the delegation of environmental impact statement reviews under Section 9?

ANSWER: The delegation of Section 9 environmental reviews, if carefully implemented, would not result in additional environmental harm and would relieve an overburdened UMTA regional staff.

SENATOR LAUTENBERG: How will your proposal work?

ANSWER: At present, most Section 9 projects replace or maintain existing transit equipment and infrastructure or provide minor improvements such as scattered bus shelters. These projects have no significant environmental impact. Such projects are "categorical exclusions" under the regulations implementing the National Environmental Policy Act (NEPA). No environmental impact assessment is necessary for categorical exclusions. Under the proposed delegation, the Section 9 applicant will determine which projects qualify as categorical exclusions. UMTA will require that the categorical exclusion of each project so designated be subject to public notification to ensure the accountability of the grant applicant. Any project description or environmental study needed to support the applicant's decision will be available for public review.

A major transit investment project such as a "New Start" normally requires a formal Environmental Impact Statement (EIS). When funded from Section 9, these major projects have usually received additional financial support from Section 3 or Federal Highway Adminstration. Major projects which are funded from multiple federal sources or which require a federal action in addition to the Section 9 grant will remain subject to formal federal EIS requirements with normal UMTA participation and review.

However, with an expanded Section 9 program, a Section 9 grant may be the only federal action associated with a major transit investment project. In this case, the proposed delegation will allow preparation and processing of the EIS by the applicant with minimal, if any, UMTA involvement. UMTA will maintain the quality of the EISs by providing additional guidance and training on environmental impact assessment and procedures. UMTA will retain the authority to rescind the delegation for any individual project when such project is highly controversial on environmental grounds, or when the applicant fails to follow the environmental guidance provided by UMTA.

Other projects such as bus garages, park-and-ride lots, and transit centers require a less formal Environmental Assessment (EA). In accordance with NEPA regulations, EAs are now prepared by the grant applicant and reviewed by UMTA. Though the proposed delegation would drop the UMTA review, UMTA will maintain the quality of the EAs by providing additional guidance and training on environmental impact assessment and procedures, and by requiring that all environmental documents, including the EA and the associated Finding of No Significant Impact (FONSI), be subject to public notification and review.

UMTA will evaluate the results of the delegation after it has been in effect for several years. The evaluation will consider the volume and success rate of litigation involving Section 9 projects and a review of a sampling of the environmental documents produced by applicants. UMTA will seek the cooperation of the Council on Environmental Quality and other appropriate agencies in this review. If the evaluation indicates that procedural adjustments are needed, those within UMTA's authority will be made.

BUY AMERICA

SENATOR LAUTENBERG: Why does the reauthorization proposal contain a "Buy America" waiver?

ANSWER: The Administration's highway/transit bill would leave the current Buy America statutory provision unchanged but would authorize the President to waive that provision under certain circumstances. The waiver is included to encourage other countries to eliminate domestic preference provisions harmful to American export products. If other countries were to make such changes, the President would have the authority to waive Buy America requirements with respect to that particular country.

SENATOR LAUTENBERG: When and how would the waiver provision work?

ANSWER: The waiver provision would be carried out under section 301 of the 1979 Trade Agreement Act. Under that provision if certain countries eliminated domestic preference provisions harmful to U.S. exports, the President would have the authority similarly to waive Buy America requirements applicable to any such countries.

The provision would be administered by the United States Trade Representative, working with Department of Transportation officials.

EFFECTS OF THE 1990 CENSUS

SENATOR LAUTENBERG: What is the impact of the 1990 Census data on the following programs: Section 9, Section 18, and Section 26(b)(2)?

ANSWER: The impact of the 1990 Census will vary depending on the program:

Section 9: We estimate that up to 100 new urbanized areas (UZA) will be formed as a result of the 1990 Census and that a number of existing UZA's will grow in population. This will result in more UZA's sharing in the Section 9 formula funding level with a commensurate shift of funds from UZA's that are experiencing population reductions. In advance of the actual Census data, it is difficult to determine what actual funding impact this will have on individual designated recipients.

Section 18: Up to 100 small cities will be designated as UZA's and move into the Section 9 program. This may take some of the pressure off the rural program if there is a corresponding actual reduction in rural population (not just a percentage decrease).

Section 26(b)(2): Funding under Section 26(b)(2) will be utilized to support the ongoing urban transportation planning process in urbanized areas throughout the Nation. Once again, we anticipate that up to 100 new urbanized areas will be designated as a result of the 1990 Census. This will dilute available funding which presently funds ongoing processes in some 370 urbanized areas nationwide. Funding, in the aggregate, will be distributed to each State based on the latest available Census figures, with no State receiving less than 1/2 of 1 percent of the amounts apportioned. Seventy-five percent of the funds so apportioned will be distributed by each State to metropolitan planning organizations (MPO) within the State on the basis of a population-based formula developed by each State, in cooperation with locally elected officials acting through the MPO, and approved by the Secretary. Hold Harmless provisions will ensure that MPO's and States will, in the aggregate, receive at least as much as they did under FY 1991 apportionment procedures.

Senator Lautenberg: When will the 1990 Census data be used for UMTA's purposes?

ANSWER: We presently anticipate the use of 1990 Census data in our apportionment formulas for the 1992 Fiscal Year. This is dependent, of course, upon the Bureau of the Census' ability to finalize population figures for all urbanized areas before the FY 1992 Appropriations Bill is passed for our programs.

RULEMAKING

SENATOR LAUTENBERG: What rulemakings does UMTA have in process? When are they expected to be finalized?

ANSWER: UMTA is involved in three rulemakings that are expected to be published as final rules over the next few months.

The capital leasing regulation, required by the 1987 Surface Transportation Relocation Assistance Act (STURAA), would permit recipients of UMTA funds to use Federal capital rather than operating assistance funds to lease equipment or facilities if such leasing is more cost-effective than the purchase of those items.

Another regulation also is required to be issued by the 1987 STURAA. It would require a pre-award and post-delivery audit of any rolling stock purchased with UMTA funds to assure compliance with Buy America, bid specifications, and Federal motor vehicle safety standards.

The third rulemaking imposed by the 1987 STURAA requires the testing of all UMTA funded buses.

In addition, UMTA is working closely with the Office of the Secretary to implement the requirements of the Americans with Disabilities Act. A final rule regarding accessible vehicles was published by the Department on October 4, 1990, and the Department will publish a Notice of Proposed Rulemaking covering paratransit, key rail stations, and other issues on April 4, 1991.

SENATOR LAUTENBERG: What rulemakings were finalized in 1989 and 1990?

ANSWER: UMTA issued a final rule on its project management oversight program on October 1, 1989. UMTA also had implemented its drug-testing regulation in 1989, but suspended it on January 19, 1990, in response to a court decision.

On August 23, 1989, and October 9, 1990, UMTA issued interim final rules on bus testing.

Finally, UMTA issued a final regulation on the Buy America program on January 9, 1991.

SENATOR LAUTENBERG: Are any new rulemakings proposed for the balance of fiscal year 1991?

ANSWER: No. We have no plans at this time to propose any new rulemakings during the balance of this fiscal year.

SENATOR LAUTENBERG: Based on your reauthorization proposal, what new rulemakings would be necessary?

ANSWER: Not very many. We would hope to be able to continue the rulemaking covering new starts, and to add to it the requirements in our proposal.

We would have to amend the Buy America regulation to provide for the waiver authority proposed in our reauthorization bill.

We would have to amend the section 8 planning regulation to reflect the planning proposals in our bill.

If Congress provides us the authority, we also would issue a regulation requiring drug testing of safety workers in the transit industry.

PROJECT MANAGEMENT OVERSIGHT (PMO)

SENATOR LAUTENBERG: With the additional staff, does UMTA have a sufficient staffing level to oversee its broad functions?

ANSWER: A management consulting firm is currently conducting a comprehensive analysis of UMTA's staffing needs. Their report is due to UMTA by May 1, 1991. When it is received we expect to be able to identify precisely any additional staffing needs over the 460 FTE currently requested as well as the specific programmatic, oversight, and management implications of our staffing level.

SENATOR LAUTENBERG: Where and how does UMTA plan to use the additional staff?

ANSWER: Twenty-six of the thirty-one additional FTE will be allocated to our regional offices to strengthen the grants management oversight function. The remaining five FTE will be distributed among Headquarters staff to strengthen third-party contracting oversight (3 FTE) and the review of major capital investments (2 FTE). The new regional staff will be involved in the primary UMTA task of reviewing grant applications and overseeing approved projects, including managing project management oversight contractors' monitoring of major capital projects and conducting triennial reviews.

SENATOR LAUTENBERG: What initiatives has UMTA taken to improve internal control procedures in its grants management system?

ANSWER: UMTA has recently completed a review of directives and policies applicable to grantees to verify their completeness and to establish a schedule for updating those in need. One of UMTA's goals is to establish a timeframe for review and update of all internal policies and directives. Further, in 1989, all of UMTA's administrative and program management systems were reviewed and revised in accordance with the guidelines in OMB directive A-123. Risk assessments were then performed, and a Management Control Plan was developed to cover the next three years (1990 through 1993).

SENATOR LAUTENBERG: Will the additional staff lessen the need for outside contractors?

ANSWER: No. The additional staff will not lessen our overall need for contractor support. The Project Management Oversight contractors will continue to provide the necessary expertise and specialized experience relative to project management oversight, while the additional UMTA staff are needed to provide grantee and contractor oversight. Our current staff is insufficient to conduct proper reviews of grantees' activities, process grant applications, and carry out triennial reviews. Project Management Oversight contractors are used only to conduct reviews of specific major capital projects. Further, we believe that our expanded procurement and triennial review programs, the new Americans with Disabilities Act (ADA), the Clean Air Act, the proposed Drug Abuse Regulation as well as the expected addition of 100 new urbanized areas resulting from the 1990 Census will increase the workload of our field and Headquarters staff.

SENATOR LAUTENBERG: How many firms perform PMO activities for UMTA?

ANSWER: Currently the Project Management Oversight Program utilizes the expert service of 12 Architect/Engineering firms.

SENATOR LAUTENBERG: What is the total volume of the PMO contracts?

ANSWER: To date we have obligated approximately $45 million dollars to the Project Management Oversight Program contracts.

SENATOR LAUTENBERG: What types and number of projects are being monitored?

ANSWER: At this time the Project Management Oversight Program is actively monitoring twenty-one new start projects, thirty-one rail modernization projects, and seven bus facility projects.

SENATOR LAUTENBERG: In addition to projects, have PMO funds been used in the safety, and financial and accounting areas? If so, please list.

ANSWER: The information follows:

ONE-HALF PERCENT SET-ASIDE SECTION 23 (h) OBLIGATIONS

PROJECT NUMBER	PROGRAM AREA	DESCRIPTION	AMOUNT OBLIGATED
DC-90-7021	SAFETY	SUBSTANCE ABUSE IN THE TRANIST INDUSTRY	$364,000
DC-90-7022	SAFETY	BUS ACCIDENT CAUSAL ANALYSIS	$200,000
DC-90-7024	SAFETY	SECURITY AUDIT	$130,000
MA-90-7001	SAFETY	TRANSIT RELATED CRIME/SECURITY GUIDELINES	$250,000
MA-90-7003	SAFETY	SAFETY DATABASE	$200,000
	SAFETY TOTAL		$1,144,000
DC-90-7023	FINANCIAL	FINANCIAL PLANS EVALUATION CRITERIA	$100,000
MA-90-7002	FINANCIAL	RAIL CAR COST CONTAINMENT	$150,000
MA-90-7016	FINANCIAL	NEW STARTS FINANCIAL REVIEWS	$95,000
	FINANCIAL TOTAL		$345,000
DC-90-7017	MANAGEMENT	UMTA TRIENNIAL REVIEWS	$1,500,000
	MANAGEMENT TOTAL		$1,500,000
SECTION 23(h) TOTAL			$2,989,000

OPERATING ASSISTANCE

SENATOR LAUTENBERG: List all the urbanized areas over one million in population and how much each would lose under the administration's operating subsidy proposal.

ANSWER: Under our proposal, none of the areas would have a reduction in the total amount of Federal formula assistance they would receive under the Section 9 program. However, the funds shown in the FY 1991 Operating Cap column below would no longer be available for operating expenses. Under our proposal, all Section 9 funds in areas over one million would have to be used for capital purposes only. Data for each area is shown in millions of dollars.

	FY 1991 Oper Cap	FY 1991 Tot Avail	FY 1992 Tot Avail
Atlanta, Georgia	$6.2	$22.3	$31.9
Baltimore, Maryland	9.9	20.6	26.4
Boston, Massachusetts	18.6	50.8	91.2
Buffalo, New York	6.1	8.4	10.2
Chicago, IL-NW IN	51.5	137.4	223.2
Cincinnati, OH-KY	5.4	9.1	9.5
Cleveland, OH	9.8	17.6	22.5
Dallas-Fort Worth, TX	8.8	18.8	21.3
Denver, Colorado	6.0	13.3	15.1
Detroit, Michigan	21.8	27.3	30.4
Fort Lauderdale FL	3.9	11.2	16.8
Houston, Texas	9.2	22.6	25.7
Kansas City, MS-KS	4.5	6.2	7.1
Los Angeles, CA	58.0	106.7	115.0
Miami, Florida	8.5	19.5	25.9
Milwaukee,Wisconsin	5.6	12.1	12.9
Mpls-St. Paul,MN	7.4	14.1	15.9
New Orleans, Louisiana	6.7	11.7	13.2
New York, N.Y.-NE NJ	134.4	425.5	727.9
Philadelphia, PA-NJ	32.3	80.0	132.6
Phoenix, Arizona	4.8	9.3	10.4
Pittsburgh, PA	9.7	24.2	32.0
Portland, OR-WA	4.5	13.1	15.9
St. Louis, MO-IL	9.8	14.4	16.6
San Diego, California	7.4	19.1	24.9
San Fran-Oakland, CA	19.8	67.1	106.8
San Jose, California	6.7	15.6	21.9
San Juan, Puerto Rico	7.6	10.2	11.5
Seattle-Everett, WA	6.3	26.2	37.0
Washington, DC-MD-VA	17.2	53.3	85.6

SENATOR LAUTENBERG: Under the surface bill, how would the administration apportion operating assistance to the various classes of urbanized areas, and how much of previously classified operating assistance would now be available under the capital program for parts, supplies, maintenance?

ANSWER: Under our proposal, areas over one million could not use any of their Section 9 formula apportionment for operating assistance. For areas under one million, we would redefine capital to include all materials and supplies. We would then establish an amount for each urbanized area under one million equal to the operating assistance cap for that area in FY 1991. An area could use up to 25 percent of its apportionment, or the published amount for materials and supplies whichever was larger. If an area got less than the published amount for materials and supplies, it could use the difference for all non-capital expenses (essentially the same as current operating assistance). Thus, no area would get less for all non-capital costs than it does now. We estimate that in FY 1992, areas between 200,000 and one million population would get $52 million for materials and supplies and $98 million for non capital expenses (or hold harmless operating assistance). We estimate that areas under 200,000 would get $20 million for materials and supplies and $127 million for non-capital items.

SECTION 3 GRANT APPROVAL

SENATOR LAUTENBERG: How much discretionary funding authority did the Administrator have in each of the past several years?

ANSWER: In Fiscal Year 1990, discretionary funds available were $1,569.4 million. In Fiscal Year 1991, discretionary funds available were $1,600.5 million. Fiscal Year 1991 availability is as follows:

SECTION 3 DISCRETIONARY FUNDS
FY 91 AVAILABILITY
(In Millions)

ACTIVITY	FISCAL YEAR	AMOUNT
NEW SYSTEMS:	CARRYOVER	$294.7
	FY 1991 APPROP.	$437.8
RAIL:	CARRYOVER	$111.0
	FY 1991 APPROP.	$452.7
BUS:	CARRYOVER	$52.0
	FY 1991 APPROP.	$218.9
PMO:	CARRYOVER	$4.9
	FY 1991 APPROP.	$5.6
DEOBLIGATED FUNDS	84-90	$22.9
	TOTAL	$1,600.5

SECTION 16(B)(2) ELDERLY AND HANDICAPPED

SENATOR LAUTENBERG: What is the present level of the 16(b)(2) fleet of vehicles?

ANSWER: There are approximately 11,000 Section 16(b)(2) vehicles in active service. Vans account for 90 percent of the vehicles purchased under the program.

SENATOR LAUTENBERG: Are 16(b)(2) funds being used to expand the fleet size, or to maintain it?

ANSWER: Section 16(b)(2) funds are being used primarily to maintain the current fleet. For the past three years, since the annual program level has been $35 million, the average number of vehicles purchased annually has been 1,450. If we assume a national fleet of 11,000 vans, with a 5 year useful life, 2,200 vehicles need replacing annually. Thus, at a $35 million annual funding level the program has been able to meet approximately 66 percent of the national fleet replacement needs annually.

SENATOR LAUTENBERG: For what purposes have the 16(b)(2) funds been used for the past three fiscal years (page 209, Senate Hearings 101-865, part 1).

ANSWER: A wide range of private nonprofit organizations received funding to purchase specially equipped vehicles to provide transportation for elderly and handicapped persons. Recipients include church organizations, senior citizens programs, rehabilitation centers, and coordinated human service transportation providers. Vehicle purchases account for approximately 95 percent of capital expenditures. In addition to vehicles, recipients also purchased ancillary two-way radio equipment and computer software and hardware.

The chart below shows the number of private nonprofit organizations that benefited under the program, the number of vehicles purchased, and the average cost per vehicle. It should be noted that the cost pet vehicle includes the Federal plus local share.

Fiscal Year	No. Of Recipients	No. Of Vehicles Purchased	Average Cost Per Vehicle
1988	1050	1515	$28,900
1989	975	1400	$31,250
1990	1005	1435	$30,500

SENATOR LAUTENBERG: Is fleet expansion part of the administration's future years' plan for their program?

ANSWER: The 1991 budget request is for $45 million, an increase of $10 million from the

1991 budget level of $35 million. At this program level, we expect funds to be able to satisfy most of the vehicle replacement needs nationally. Our proposed increase in the local match from 20 percent to 40 percent will enable the program to purchase more vehicles with the Federal dollars available.

SENATOR LAUTENBERG: Update the chart on page 210 of Senate Hearings 101-865, part 1, on how Section 16(b)(2) funds have been spent.

ANSWER: During Fiscal Year 1990, 1,005 private nonprofit organizations received Section 16(b)(2) funding to purchase a total of 1,435 specially equipped vehicles to provide transportation for elderly and handicappeed persons. Grants also provided for the purchase of ancillary two-way radio equipment. The attached chart shows a breakdown by State of the funding, number of nonprofit recipients, and types of equipment purchased with Section 16(b)(2) funds this Fiscal Year.

URBAN MASS TRANSPORTATION ADMINISTRATION
SECTION 16(b)(2) PROGRAM
FISCAL YEAR 1990 OBLIGATIONS

	FY-90 Total Funds Available	FY-90 Funds Obligated	FY-90 Funds Remaining Unobligated	No. of Recipients	Non-urbanized Areas	Urbanized Areas	No. of Vehicles Purchased With Lifts Or Ramps	Total No. of Vehicles Purchased
REGION I								
CONNECTICUT	511,433	511,433	0	20	5	18	23	23
MAINE	275,244	275,244	0	8	7	1	5	14
MASSACHUSETTS	910,540	910,540	0	18				30
NEW HAMPSHIRE	233,352	233,352	0	9			6	10
RHODE ISLAND	262,266	262,252	14	8			4	11
VERMONT	187,166	187,166	0	8	7	1	8	8
TOTAL	2,380,001	2,379,987	14	71	19	20	46	96
REGION II								
NEW JERSEY	1,061,307	1,061,304	3	26	4	22	28	28
NEW YORK	2,488,051	2,488,048	3	50	18	32		99
VIRGIN ISLANDS	129,421	129,421	0	3	3	0	3	3
TOTAL	3,678,779	3,678,773	6	79	25	54	31	130
REGION III								
DELAWARE	189,446	189,446	0	5	0	2	3	5
DISTRICT OF COLUMBIA	208,139	208,139	0	4		7	3	10
KENTUCKY	593,800	593,800	0	16	14	2	8	31
MARYLAND	564,535	564,535	0	19	12	7	14	19
NORTH CAROLINA	804,884	804,884	0	28	27	1	20	49
PENNSYLVANIA	1,766,460	1,766,460	0	20	4	53	57	57
TENNESSEE	712,481	712,481	0	40	28	12	10	47

VIRGINIA	679,800	679,800	0	23	8	8	7	33
WEST VIRGINIA	386,720	386,720	0	17	12	5	6	18
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TOTAL	5,906,265	5,906,265	0	172	105	97	128	269
REGION IV								
ALABAMA	625,523	625,520	3	10			5	27
FLORIDA	1,919,539	1,919,536	3	59	34	25		125
GEORGIA	715,045	715,044	1	8	1	7	14	36
MISSISSIPPI	452,532	452,532	0	13	10	3	0	24
PUERTO RICO	430,615	430,612	3	13	2	11	13	13
SOUTH CAROLINA	453,250	453,248	2	26			5	26
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TOTAL	4,596,504	4,596,492	12	129	47	46	37	251
REGION V								
ILLINOIS	1,500,046	1,500,046	0	15	10	5	23	34
INDIANA	748,436	748,436	0	32				38
MICHIGAN	1,134,826	1,134,826	0	18			18	20
MINNESOTA	626,007	626,007	0	27			27	27
OHIO	1,405,542	1,405,542	0	60			69	69
WISCONSIN	712,268	712,268	0	19			31	43
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TOTAL	6,127,125	6,127,125	0	171	10	5	168	231
REGION VI								
ARKANSAS	476,410	476,410	0	30			9	30
LOUISIANA	582,695	582,695	0	25	18	7	22	25
NEW MEXICO	253,247	253,247	0	15	14	2	16	16
OKLAHOMA	532,384	532,384	0	22	15	7	17	29
TEXAS	1,632,599	1,632,599	0	37			35	65
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TOTAL	3,477,335	3,477,335	0	129	47	16	99	165
REGION VII								
IOWA	529,848	529,848	0	8			11	27
KANSAS	444,542	444,542	0	18			7	22
MISSOURI	817,027	817,027	0	33	12	21	10	42
NEBRASKA	339,745	339,745	0	14	7	7		18
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TOTAL	2,131,162	2,131,162	0	73	19	28	28	109
REGION VIII								
ARIZONA	460,154	460,154	0	21			8	21
COLORADO	392,353	392,353	0	7			2	9
MONTANA	213,750	213,750	0	9	8	1	5	8
NEVADA	196,692	196,692	0	10			2	10
NORTH DAKOTA	207,518	207,518	0	9			9	8
SOUTH DAKOTA	219,362	219,362	0	12			10	12
UTAH	241,874	241,874	0	11			6	10
WYOMING	163,734	163,734	0	7			4	5
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TOTAL	2,095,437	2,095,437	0	86	8	1	46	83

REGION IX								
AMERICAN SAMOA	50,934	50,934	0	1	1		2	2
CALIFORNIA	2,776,864	2,776,864	0	43	10	33	45	46
*GUAM	0	0	0					
HAWAII	208,218	208,218	0	7	5	2	4	7
NORTHERN MARIANAS	50,489	0	50,489					
TOTAL	3,086,505	3,036,016	50,489	51	16	35	51	55
REGION X								
ALASKA	139,089	139,089	0	13			2	7
IDAHO	224,476	224,476	0	9			3	8
OREGON	445,453	445,453	0	12	10	2	15	17
WASHINGTON	586,006	586,006	0	10			14	14
TOTAL	1,395,024	1,395,024	0	44	10	2	34	46
GRAND TOTAL	34,874,137	34,823,616	50,521	1,005	306	304	668	1,435

*$127,950 transferred to Sec.18

RURAL TRANSIT

SENATOR LAUTENBERG: On a per capita basis, how much in UMTA funds do the following city sizes receive?

- over 1 million
- between 1 million and 200,000
- between 200,000 and 50,000
- lower than 50,000

Update the chart found on page 213 of Senate Hearing 101-865, part 1.

ANSWER: The chart below shows the amount of formula and discretionary funds received per capita for four categories of city size. The calculations include only formula and Section 3 discretionary funds. Interstate transfer, Stark-Harris, Section 8, Section 16(b)(2) and other smaller UMTA programs are not included.

The per capita figures for formula funds were derived from the fiscal year formula apportionments for urbanized and nonurbanized areas published annually in the Federal Register. The per capita figures for the discretionary funds were derived from the annual Section 3 obligations in the bus, rail modernization and new starts categories.

UMTA FUNDS DISTRIBUTION PER CAPITA BY CITY SIZE

	FORMULA	SECTION 3	COMBINED
FY 1991			
over 1 million	$15.86	N.A.	
200,000-1 million	8.09	N.A.	
50,000-200,000	6.62	N.A.	

under 50,000	.85	N.A.	
FY 1990			
over 1 million	$14.80	$12.94	$27.74
200,000-1 million	7.65	1.10	8.75
50,000-200,000	6.21	1.24	7.45
under 50,000	.81	.17	.98
FY 1989			
over 1 million	$14.60	$13.70	$28.30
200,000-1 million	7.39	1.09	8.48
50,000-200,000	6.10	.09	6.19
under 50,000	.82	.14	.96
FY 1988			
over 1 million	$15.92	$9.96	$25.88
200,000-1 million	8.05	.23	8.29
50,000-200,000	6.65	.38	7.03
under 50,000	.81	.16	.97
FY 1987			
over 1 million	$17.74	$7.70	$25.66
200,000-1 million	9.08	.10	9.17
50,000-200,000	7.43	.50	7.93
under 50,000	.87	.01	.88

SENATOR LAUTENBERG: Does UMTA have an estimate of the annual vehicle replacement or expansion needs for Section 18 program recipients?

ANSWER: Yes, we do have estimates on fleet replacement needs. The national Section 18 fleet consists of approximately 10,100 vehicles. Of this number, almost two-thirds are modified vans, almost one third are small buses, and a very small percentage are 40 foot transit buses. With this fleet mixture, 1,800 vehicles need replacing annually at an annual capital cost of $60 million.

This replacement level assumes that 2/3 of the national fleet consists of vans with a 5 year useful life and a $30,000 replacement cost, and 1/3 are small buses with a $40,000 replacement cost.

(Due to the overlap between Section 18 and Section 16(b)(2) recipients and the lack of specificity in some data reported, it is possible that the annual replacement figure could be inflated by as much as ten percent.)

The Section 18 program has purchased an average of approximately 500 vehicles annually over the past five years, thus providing about one quarter of the annual fleet replacement needed nationally. Additional vehicles have been purchased with Section 3 funds. In FY 1990 the total percentage of rural capital replacement needs met by UMTA funds was close to 41 percent.

SENATOR LAUTENBERG: Provide the number of vehicles purchased using Section 18 (and transferred 9(a)(1)) funds for the past several years.

ANSWER: Section 18 and transferred Section 9 funds have purchased the following:

FY 1990: 462 vehicles, including 299 vans, 102 small buses, 20 standard buses, and miscellaneous others such as sedans, station wagons, school buses, etc.

FY 1989: 429 vehicles, including 276 vans, 120 small buses, 5 standard buses, and others.

FY 1988: 711 vehicles, including 442 vans, 203 small buses, 29 standard buses, and others.

FY 1987: 404 vehicles, including 227 vans, 125 small buses, 37 standard buses, and others.

SENATOR LAUTENBERG: Update the chart on page 217 of Senate Hearing 101-865, part 1, on the amount and percent of available Section 6,8,9, and 3 funds that have gone for rural areas.

ANSWER: The following table shows the amounts and percentages of funds obligated for rural areas under Section 6, Section 9, and Section 3 from FY 1983 to FY 1990.

The figures for Section 6 are approximate since some projects benefit both urban and rural areas.

The figures for Section 9 are based on transfers to the Section 18 program as a percentage of all available funds, including carryover, during each year, starting in FY 1984 when transfers were first authorized.

The percentages for Section 3 are based only on the Section 3 funds available for bus and bus related projects, since the new starts and rail modernization categories are not applicable to rural areas.

In addition to the programs shown on the table, some percentage of the approximately $4.5 - $5 million of Section 8 funds allocated to the States each year is used for planning projects benefitting rural areas, but exact figures are unavailable since these funding decisions are made at the State level.

OBLIGATIONS FOR RURAL AREAS

Fiscal Year	Section 6	Section 9	Section 3
1983	----	----	$5,003,608 1%
1984	$250,000 .5%	$2,616,969 .03%	$3,081,855 1.5%
1985	$500,000 .8%	$21,211,575 .6%	$1,260,000 1%
1986	$800,000 3.7%	$26,961,276 .9%	$3,993,957 1.9%
1987	$750,000 3.9%	$18,072,259 .6%	$1,164,375 .6%
1988	$247,740 2.0%	$20,211,544 .8%	$13,155,528 5.4%
1989	$149,750 2.0%	$9,808,324 .5%	$11,906,110 4%
1990	$75,000 .7%	$15,200,463 .7%	$14,877,122 6.2%
1991	$100,000	$6-8,000,000	$15 - 20m.

(Estimated)

SENATOR LAUTENBERG: Update the chart on page 218 of that same report on how non-urban areas used the federal funds provided.

ANSWER: The following table shows how Section 18 funds were programmed by the States for the four major categories of assistance: capital; operating; project administration; and State administration.

USE OF SECTION 18 FUNDS
(in $ Millions and Percentages)

	CAPITAL	OPERATING	PROJ. ADMIN.	STATE ADMIN.
FY 84	$42.5 (36.7%)	$47.2 (40.7%)	$17.6 (15.2%)	$8.6 (7.4%)
FY 85	$31.2 (29.0%)	$50.7 (47.2%)	$16.3 (15.2%)	$9.2 (8.6%)
FY 86	$33.1 (28.3%)	$50.9 (47.6%)	$17.3 (16.3%)	$8.4 (7.8%)
FY 87	$23.2 (28.5%)	$40.6 (49.9%)	$11.2 (13.7%)	$6.3 (7.8%)
FY 88	$29.9 (27.0%)	$51.3 (50.0%)	$15.3 (15.0%)	$8.1 (8.0%)
FY 89	$14.7 (19%)	$44.8 (57%)	$13.2 (16%)	$6.7 (8%)
FY 90	$13.6 (16%)	$49.9 (59%)	$14.4 (17%)	$6.5 (8%)

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA)

SENATOR LAUTENBERG: Under the Administration's proposal, systems like Washington's Metro will be able to receive previously called "rail mod" funds under the Section 9 formula rail tier distribution. How much in additional funding would WMATA receive?

ANSWER: Under the Administration's proposal, the Washington, D.C.-Maryland-Virginia urbanized area would receive approximately $29 million out of the $600 million which is added to the rail tier of the Section 9 formula. These funds are attributable to WMATA fixed guideway route mileage and vehicle revenue miles as well as Maryland commuter rail fixed guideway mileage and vehicle revenue miles. The actual split of these funds between WMATA and Maryland commuter rail would be determined locally.

SENATOR LAUTENBERG: Please detail all federal assistance provided to WMATA, including funds appropriated to date, bond obligations, and interest payments through FY 1991.

ANSWER: The following table enumerates total Federal funding for the Washington Metrorail program. It shows appropriations through FY 1991 and the remaining Stark-Harris balance. It also shows bond obligation principle and interest

payments which are in effect until the year 2014. The Federal funding commitment for the 1990 authorization extension for $1.3 billion is also noted.

WASHINGTON METRO FUNDING SUMMARY

			(In millions of dollars)		
			LOCAL	FEDERAL	TOTAL
FUNDS APPROPRIATED					
Direct Appropriations (1/3-2/3's)			$573.5	$1,147.0	$1,720.5
Mid-City Line add-on (100% DC)			3.0	0.0	3.0
Add-ons (100% local)			12.9	0.0	12.9
Elderly and Handicapped Facilities (20%-80%)			13.0	52.0	65.0
Arlington Cemetery Station (100% Federal)			0.0	7.4	7.4
Federal-Aid Urban Systems (10%-90%)			3.2	28.5	31.7
Interstate Transfer Grants - Transit			453.8	2,155.8	2,609.6
Stark-Harris (20%-80%)	(Local)	(Federal)			
FY 1983	60.0	$240.0			
FY 1984	62.5	250.0			
FY 1985	62.5	250.0			
FY 1986	54.0	217.2			
FY 1987	50.0	201.1			
FY 1988	44.9	180.5			
FY 1989	41.8	168.0			
FY 1990	21.1	84.7			
FY 1990 drug assmt.	0	0.3			
FY 1991	16.0	64.1			
FY1986-91 PMO (100% Fed)	0.0	(4.5)			
Subtotal, Stark-Harris			412.8	1,656.0	2,068.7
Matching Bond Sales			48.5	0.0	48.5
SUBTOTAL - FUNDS APPROPRIATED TO DATE (FY91)			1,520.7	5,046.7	6,567.3
BOND OBLIGATIONS (FY 1979 - 2014)					
Interest Payments on Bonds (1/3-2/3)			982.7	1,965.4	2,948.1
Principal Payments on Bonds (1/3-2/3)			332.4	664.7	997.1
SUBTOTAL - BOND OBLIGATIONS			1,315.1	2,630.1	3,945.2
REMAINING STARK-HARRIS AUTHORIZATION					
Available for future appropriations			11.0	44.0	55.0
Construction/Start-up/Mgmt.			(11.0)	(43.6)	(54.6)
PMO			(0.0)	(0.2)	(0.2)
TOTAL COST FOR 89.5 MILE SYSTEM			2,846.7	7,720.8	10,567.5
NATIONAL CAPITAL AMENDMENTS OF 1990 AUTHORIZATION 103 MILE SYSTEM (37.5%-62.5%) (P.L. 101-551)			780.0	1,300.0	2,080.0
GRAND TOTAL			$3,626.7	$9,020.8	$12,647.5

SENATOR LAUTENBERG: What is the amount of appropriated construction funding for WMATA that remains unobligated?

ANSWER: As of February 28, 1991, $316 million in funds obligated to WMATA have not been placed under contract. Due to the "operable segment" requirements of our full funding grant agreement with WMATA, cerain construction funds have been provided since 1986 which have not been obligated pending the finishing stages of these segments. Thus, we cannot identify the specific year in which these remaining unobligated funds were approved.

QUESTIONS SUBMITTED BY SENATOR SASSER

FY92 UMTA BUDGET

SENATOR SASSER: Since over half of our nation's population now resides within metropolitan areas with populations exceeding one million, and presumably they work within this metropolitan radius, what would be your characterization of the Federal interest or responsibility towards maintaining and improving the quality of transportation within these areas? In other words, given this population data, would you view transportation improvements within these areas as primarily a local concern?

ANSWER: As was stated in the National Transportation Policy, "one of the essential principles for sound government is that responsibilities should be focussed at the level that has the knowledge and understanding of the problems and issues, and the capability to address them effectively and efficiently." The transportation challenges of our metropolitan areas require a partnership which gives scope to the strengths of all levels of government and the private sector.

We see a Federal interest in urban transportation--maintaining existing capital infrastructure in urban areas to promote the economic efficiency of our urban areas, particularly as large urban areas become increasingly important to the international competitiveness of the U.S. economy. The 1990 census shows that over one half of the population now lives in metropolitan areas of one million population or more. To assure global competitiveness, the nation needs to have efficient urban transportation systems, in which transit plays an important part.

In addition, the Federal government is interested in assuring mobility for all Americans, not just those who can afford an automobile. Not only should people from all social strata have access to American educational, social and cultural opportunities, access to jobs for people of all income levels is important to assure the the most effective use of the U.S. workforce.

SENATOR SASSER: The highway side of the surface transportation reauthorization legislation proposes the designation of "roads of national significance." Given the population data that indicates roughly half of our nation's population reside within large metropolitan areas, can you identify any corresponding transit systems of national significance? What would be your criteria for the selection of such systems?

ANSWER: The basis for any federal role in highway assistance is derived from a Constitutional authorization to regulate interstate commerce. Thus, "roads of national significance" must be seen as part of a comprehensive system that is interstate in character.

The federal role in mass transportation assistance is not derived from a notion of interstate commerce, hence the concept "roads of national significance" was not adapted to the transit assistance program.

To the extent, however, that transit lines and systems are identified as assisting in the management of traffic flow over the urban and suburban portions of an interstate highway network could be grounds for calling them, perhaps, something like "transit links of national significance."

Although we could consider the transit program and some systems to be of national significance, there is no need to devise separate criteria. The existing formula program provides funding based upon population and system performance characteristics. The funding apportionments thus reward systems for their "significance" in relation to the formula criteria.

A formula program is the best way to allocate Federal funds to all transit systems because of its stability, predictability, and it flexibility to adjust to changing local conditions.

SENATOR SASSER: How would the proposed creation of a single block grant for small urban, rural, and elderly/handicapped programs improve these areas' access to vital public facilities and markets?

ANSWER: We are not really proposing creation of a single block grant for these programs. Rather, what we are proposing is unlimited flexibility for the Governor in transferring funds among these programs. Funds will still be allocated to each program, will still be apportioned to the States based on the current formulas and the States will still have to apply for funds from each program separately.

We believe that by making it possible for the Governor to transfer funds among these programs within the State's apportionment, it will be possible to target these funds at the most pressing problems and the most effective solutions in all of these areas. The increased flexibility provided will permit the funds to be applied where they are most needed without restrictions due to the Federal funding formulas and program structure. In addition, we are proposing increasing the amount allocated under the Section 18 formula from about $65 million in FY 1991 to $89 million in FY 1992, the amount provided under the Section 16(b)(2) formula from $35 million to $45 million and the amount allocated to areas under 200,000 under the Section 9 formula from $160 million to $176 million. These additional funds should permit the Governors to meet much of the needs in these areas.

SENATOR SASSER: It would seem that the States would have an interest in the development of as integrated a network of transportation within their areas as possible. Would UMTA be willing to support through incentive funding a concept whereby larger urbanized areas served as partners, or "Big Brothers or Sisters", if you will, to small urban/rural areas via the sharing of personnel, technical assistance and equipment, in order to integrate these areas into key markets?

ANSWER: This is a very interesting concept which we would be happy to explore further.

We believe that our efforts to strengthen the Statewide and metropolitan planning process through our Transit Planning and Research program proposal would assist in assuring the integration of transportation systems throughout each State. Also, we are proposing to continue the Rural Transit Assistance Program (RTAP) which provides technical assistance to rural transit.

SENATOR SASSER: Is there currently any central data collection system which identifies rural areas that might pool resources to form an effective rural transportation network?

ANSWER: A Directory of UMTA Funded Rural and Specialized Transit Systems, published in December, 1989, lists the recipients of funding under Section 18 and Section 16(b)(2) and identifies their fleet size, service mode(s), and counties served. The directory is updated approximately every five years. Networking among operators is facilitated at the national level by the National Resource Center of the Rural Transit Assistance Program (RTAP), which provides a toll-free telephone information service and an electronic bulletin board, and makes referrals to a network of peer specialists who can provide site-specific technical assistance.

The State Departments of Transportation (DOT's), which administer the Section 18 and Section 16(b)(2) programs, are an important central source of information for the operators in each State. The State DOT's are most familiar with the operators in the State and provide valuable technical assistance. Many State DOT's hold regional or statewide workshops and meetings which bring operators together. Multi-state regional networks also exist in some areas. Associations of operators exist in many States, and in a few multi-state regions. Resources made available by RTAP have fostered this kind of networking at the State and regional level.

SENATOR SASSER: Many of the problems encountered by transit systems can be understood and perhaps characterized by regional factors. How have UMTA's programs and funding requests addressed regional concerns of transit systems?

ANSWER: Most public transit systems are regional in nature; transit services commonly cross jurisdictional boundaries. Transit boards often represent several jurisdictions having very diverse populations. The competing transit needs and different financial capabilities-expressed via municipal governments--across the region can be an important source of conflict.

The Federal transit program was built up over the years on the basis of regional transit systems. Federal transit funding is allocated on the basis of Urbanized Area factors, as opposed to jurisdictional factors, and this tends to strengthen a regional outlook. An important focus of UMTA's capital program is the metropolitan planning organization (MPO), which brings together representatives of all jurisdictions served by the transit system. To be eligible for Federal transit funding, all capital projects must be in the transportation improvement plan, a regional document which is a product of the local decisionmaking and priority-setting process.

The proposed legislation would strengthen regional decisionmaking. First, it is hoped that flexible intermodal funding will encourage intermodal planning and decisionmaking at the regional level. Second, in several ways the proposed legislation would increase the involvement of the State in regional planning, programming and funding issues.

SENATOR SASSER: Would the creation of a single block grant for small urban, rural and elderly and handicapped programs in any way dilute the effectiveness of the individual programs? How will UMTA ensure that these programs' funding, distributed by the Governors under the Administration proposal, won't be diminished?

ANSWER: We do not see any negative effect from providing the flexibility on transferring funds among these programs. Each program will still be allocated by the current formula, and it will be up to the Governor to decide how to allocate his or her State's apportionments among the three programs. Thus, the transportation needs of the rural areas, small areas and elderly and handicapped persons should continue to get all the separate attention they need.

The total amount allocated to each State under these programs would remain the same whether or not the proposed flexibility is enacted. The Governor is currently the recipient of the rural and elderly and handicapped program funds, so there is really little change in how these programs are administered. For the small urban areas, the Governor would become the grant recipient, but the amount of funding allocated to these areas would not be any different. Governors will have to make application for these funds as is now done, and only on the basis of a complete application will funds be granted. Each application will have to certify, as is now the case, that funds are being applied to eligible activities. Thus, there does not seem to be any danger that these programs' funding levels will be diminished from the amount which would be the case if the Administration's proposals for increased flexibility are not accepted.

SENATOR SASSER: I assume you have reviewed various systems throughout the world. In your view, what is the most promising cost-effective transportation technology that can be applied in this country?

ANSWER: We are continually reviewing the literature and meeting with experts from countries around the world to discuss new, cost-effective transit technologies. It appears that several innovative technologies which reduce transit system capital and operating costs that are currently in use abroad have been or will soon be used in the U.S. Examples follow:

1. New Austrian Tunneling Method (NATM), used by Port Authority of Allegheny County (Pittsburgh), Washington Metro, etc;
2. pre-cast concrete tunnel liners, used by Baltimore, Washington Metro, etc;
3. microprocessor signaling, to be used by Chicago Transit Authority;
4. moving block signaling, used in

Detroit People Mover system.

5. alternating current propulsion rail cars on order for Philadelphia and Baltimore, and locomotives on order by Metro-North Commuter Railroad.

Other promising technologies in use outside of the U.S. will be studied by UMTA for possible domestic application. Some promising technologies, such as low floor buses and rail cars will assist transit authorities in meeting the requirements of the Americans with Disabilities Act, but may add some additional capital and operating costs. Other promising technologies which relate to transit include magnetic levitation and high speed rail.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

MTA SAFETY STUDY

SENATOR D'AMATO: What is the status of the system-wide safety study of the New York MTA that the Transportation Systems Center has undertaken under UMTA supervision pursuant to legislation that I authored?

ANSWER: The Volpe National Transportation Systems Center (VNTSC) has completed the analysis of safety on the MTA and its operating elements from information collected from other oversight agencies (New York State Public Transportation Safety Board (PTSB), National Transportation Safety Board (NTSB), Metropolitan Transportation Authority/Office of the Inspector General (MTA/OIG)). A draft report was delivered to UMTA in late March, for review. VNTSC will deliver the final report to UMTA in mid April and that report will be sent to the Congress.

REAUTHORIZATION OF THE SURFACE TRANSPORTATION ACT

FUNDING FLEXIBILITY

SENATOR D'AMATO: The administration's reauthorization proposal would enable all transit funds to be used for highway projects if certification is made that transit needs are met. However, only a limited amount of highway funds (urban/rural and up to 15 percent of National Highway System funds) could be used for transit projects. I understand that "flexibility" in transportation planning is the goal here; however, given our pressing environmental concerns and obligations under the Clean Air Act, why is this flexibility biased towards building more roads?

ANSWER: We do not believe it is correct to characterize our reauthorization proposal as "biased towards building more roads." While it is true that a greater percentage of the transit program may be used for highway purposes than highway for transit, virtually twice as many highway dollars will be available for transit use over the term of the reauthorization than transit dollars for highway. Furthermore, highway dollars are not subject to any "unmet need" test before being converted to transit use. If there is a bias in our proposal, it is a bias in favor of local decision-making, not one mode over another.

In addition, there are safeguards to compensate for a perceived highway advantage. The Federal share for highway and transit projects would be equal. Balanced local funding of transit and highway would be a condition of transferring Federal Funds between the modes. As much as possible, the highway and transit programs would have parallel construction to eliminate administrative obstacles. In the rural program, local officials would be required to certify that they had no transit needs before their transit funds could be used for highway purposes. The requirement for a congestion management system would create every opportunity for the transit interests to argue the advantages of high occupancy travel. The fact that the amount of highway funds potentially available for transit use would begin at twice the transit contribution--increasing over five years to three times the transit amount--should encourage local transit interests.

QUESTIONS SUBMITTED BY SENATOR KASTEN

MEDFORD

SENATOR KASTEN: Mr. Clymer, Medford, Wisconsin, was working toward increasing their shared-ride taxi service and was concerned about whether all vehicles in their fleet would have to be equipped with wheelchair lifts. They also had a current service for the elderly and handicapped which already was lift-equipped. I understand that under your rules, communities can view their system as a whole, and if the system certifies that it provides equivalent transportation service to the disabled, then not all new purchases need to be accessible vehicles. Is this a proper reading of what the policy continues to be? If it is a new startup, without existing service for the disabled, is it possible for a system to purchase both accessible and inaccessible vehicles? Or is there a bias in favor of those communities that already have existing service? As communities across the country look to expand the transportation opportunities for all their citizens, I hope that UMTA will continue to offer timely advice and approach the issues with an awareness of local conditions coupled with our national policy of a right of all Americans to transportation.

ANSWER: A demand responsive service, such as that in Medford, Wisconsin, must be considered "as a while" with respect to accessibility, not with respect to each and every vehicle. If the system provides equivalent service to disabled persons as it does to person without disabilities, the style of any particular vehicle, whether accessible or not accessible, is a matter of local determination. So yes, it is possible under some circumstances to purchase both accessible and non-accessible vehicles, but no, there is no bias favoring either existing or new transportation services. The sole relevant requirement here is that any demand responsive service, when taken as a whole, must provide an equivalent level and style of service to disabled passengers as it does to those without disabilities. Our budget request includes new levels of funding for our Transportation Planning and Research Program, where such advice will originate, and our overall budget (and reauthorization) proposal emphasizes flexibility at the local level so state and local officials may allocate federal funds in a manner that best reflects local transportation priorities.

FIXED ROUTE RULE

SENATOR KASTEN: What is the status of your rules regarding the operations of fixed route systems under the ADA? The State of Wisconsin provides 38.5% of the costs of local service in our state, and as they contemplate their budget requirements for the next two years they are looking for some guidance as to how the local operations will have to change, how much additional funding the ADA will require. Where do we stand?

ANSWER: The DOT Notice of Proposed Rulemaking for the rule to implement the requirements of the ADA, including new Architectural and Transportation Barriers Compliance Board (ATBCB) standards for accessibility, was sent to the Federal Register on March 29, 1991. The NPRM will be open for comment for 60 days. In addition, UMTA will participate in six public hearings on the rule nationwide, during the comment period. The rule repeats the ADA requirement that all fixed route buses purchased hereafter be accessible, as required under ADA.

The primary change in local operations will center on providing accessible service, through lift-equipped fixed route buses, as well as through a complementary paratransit service for those who cannot use the fixed route service. Another significant change in local operations will result from increased coordination of existing paratransit services with the local transit operation, to ensure a more integrated and efficient service to persons with disabilities who cannot use a fixed route service.

As to how much additional funding ADA may require, this is still quite uncertain. A preliminary Regulatory Impact Analysis (PRIA) has been developed, and is in the docket. The PRIA indicates that, on a nationwide basis, total costs of implementing ADA, including rail facilities and rolling stock, paratransit systems, etc., range between $500 million per year to over $1 billion per year. This figure does not include any efficiencies that might result from coordination of existing paratransit services. For example, the Administration on Aging (AOA) currently spends well over $67 million per year on transportation services. There are many more Department of Health and Human Services and Department of Labor programs that also provide transportation, much of which is accessible.

The short answer is that we are in the process of estimating the costs of ADA implementation.

SENATOR KASTEN: Would you agree that this shifts a greater burden on the State and local governments to meet the federal policy goals expressed in the Clean Air Act?

ANSWER: The benefits from implementing the Clean Air Act requirements will accrue to all Americans. Our proposal recognizes that the Federal, State and local governments all need to work together to improve air quality. In most cases, this will require significant local initiative and local funding flexibility. The flexibility of allocation of FHWA and UMTA funds is such that there should be no greater burden on the State or local governments. Between $4 billion and $5 billion in FHWA funds can be reallocated by the States for mass transit projects at their discretion, thus ensuring that ample funding is available for transit projects to assist in meeting clean air targets.

WISCONSIN CAPITAL ASSISTANCE REQUEST

SENATOR KASTEN: Finally, Wisconsin has submitted to UMTA, through our Department of Transportation, a very necessary request for $11 million in Section 3 capital assistance funds which will benefit 25 communities throughout the State. I urge UMTA's quick action on this request, and confirm its importance to systems in locations all over Wisconsin. When can we expect some word on this?

ANSWER: We are currently reviewing all of the requests for Section 3 bus funds nationwide. This year the dollar amount of these requests totals over $790 million. Since the FY 1991 appropriation for the bus category of Section 3 is $220 million, competition for these funds is keen, and some hard choices will have to be made among the many worthwhile applications. Please be assured that the Wisconsin application will be given every consideration as funding decisions are made. We expect to complete our review within the next several weeks.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

DISCRETIONARY VS. FORMULA FUNDING

SENATOR DOMENICI: Mr. Clymer, as you know, I do not represent a State of large, urban areas with extensive mass transit systems. I do have an interest, however, in mass transit programs, particularly some of the funding changes which have been suggested in the Administration's budget and reauthorization proposals. A penny and a half of the Federal gas tax goes for mass transit. New Mexico has not been getting much return on its contribution because it's been going largely for rail transit projects. Under the Administration's proposal, most of that penny and a half would be distributed by formula to all urbanized areas, and that would be fairer to my State. What other benefits will result from a formula allocation of UMTA funds and how might this change complement other programs of UMTA geared toward rural and smaller communities?

ANSWER: The major benefit comes from increased predictability of UMTA assistance. Areas will know on a year to year basis how much they are likely to receive. Most areas would be getting all of their UMTA assistance by formula and thus would not need to be in a position to rely on the occasional discretionary grant for certain projects. Through a variety of flexible provisions in the UMT Act such as advance construction approvals and leasing, areas can take advantage of the steady, predictable flow of formula funds to leverage larger investments.

Rural areas will benefit because of an increase in the Section 18 program from $65 million to $89 million. Small and rural areas would also benefit by the added flexibility proposed to be provided to the Governors under Sections 18, 16(b) and 9 (for areas under 200,000). Thus, the

Governor will be in a better position to target the funds to meet his or her State's unique needs.

SENATOR DOMENICI: Will there be "losers" in this proposed shift to formula allocation, and how does the Administration address their concerns?

ANSWER: Based on preliminary estimates using existing allocation data, two cities (Honolulu and El Paso) would get less Section 9 formula funds than they do now, because of the elimination of the incentive tier in the Section 9 formula. However, once 1990 data becomes available it may be that these cities will get just as much or more than at present.

Whether or not other cities are winners or losers because of the proposed formularization of the rail modernization program depends on the basis on which the comparison is made. In FY 1991, we are allocating discretionary rail modernization funds on the basis of the Section 9 formula factors. Thus, between FY 1991 and FY 1992, all rail modernization areas will get more funding, since the amount allocated based on these factors will increase from $450 million to $600 million.

HIGHWAYS COMPETING WITH MASS TRANSIT

SENATOR DOMENICI: Mr. Clymer, we all agree on the virtues of "Flexibility" when it comes to the administration of many federal programs. I would anticipate that the Administration's proposal would be beneficial, allowing for about $2.6 billion of mass transit funds and $4 to $5 billion of highway funds to be used for highway or transit projects, at the discretion of local or state officials. I share a concern that has been expressed before, both here this morning and in my state. That concern is the effect of having highways compete with mass transit interests in the funding considerations of state and local decision-makers. What safeguards have you included in your proposal to compensate for the popular or political advantage that highways might have in competing for funds?

ANSWER: There are safeguards against a "tilted" playing field. In many areas, the most important "safeguard" would be the underlying alliance between highway and transit interests that this proposal represents, and a reduction in the polarization of decades past. In addition, the Urban and Rural Program is designed to eliminate biases that historically may have favored highway projects. The Federal share for highway and transit projects would be equal. Balanced local funding of transit and highways would be a condition of transferring Federal funds between the modes. In the rural program, local officials would be required to certify that they had no transit needs before their transit funds could be used for highway purposes. The requirement for a congestion management system would create every opportunity for the transit interests to argue the advantages of high occupancy travel. The fact that the amount of highway funds potentially available for transit use would begin at twice the transit contribution--increasing over five years to three times the transit amount--should encourage local transit interests.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

SENATOR HATFIELD: The Oregon land use law requires, as part of the guidelines for the transportation goal, that there be minimum densities at transit station sites or freeway interchanges to encourage development to occur within transportation corridors. We have seen the benefits of increased densification in the Portland area through increases in overall transit ridership and in peak hour trips to downtown Portland. These same policies are expected to benefit ridership on the Westside Light Rail Line. What consideration do local land use policies and efforts to increase residential, retail and commercial densities receive in the New Start evaluation process? What level of consideration do you believe such policies should receive?

ANSWER: We take into account such policies in a number of ways. First, the forecasts of new transit use, which forms the basis for estimating the cost-effectiveness of the proposed projects, are conducted using a consistent forecast of future development patterns based on land use policies in place. It is our experience that areas with transit supportive land use policies will do that much better in their estimates of new transit use than areas without such policies. They will have a larger portion of their area's population and employment in downtown and other dense areas where transit service is likely to be concentrated. Thus, the area's forecasts will account fully for such supportive land use policies and the cost-effectiveness estimated as a result of the analysis will also account for such policies. The second way in which such policies are accounted for is in the policy for such projects which indicates that UMTA expects areas to adopt supportive land use policies when projects are selected for funding. The degree to which areas have adopted such policies is one of the subjective factors used in evaluating projects.

We believe that this is the appropriate level of consideration such supportive land use policies are given. By the combined effect of the impact of such policies on forecasted costs and benefits and the subjective evaluation of the degree to which such policies are in place, projects are fairly and uniformly judged in terms of their worthiness for a Federal investment.

SENATOR HATFIELD: The Clean Air Act requires urban nonattainment areas to reduce vehicle miles travelled, since automobiles are responsible for 90 percent of urban pollution. This action was taken by Congress as a matter of federal policy to improve the Nation's air quality. What role will transit play in meeting the federal policy goals expressed in the Clean Air Act?

ANSWER: Transit must play a major role in meeting the goals of the Clean Air Act. Every new urban bus that hits the streets has the potential to remove as many as 40 single-occupant vehicles per trip from the travel corridor it serves. The UMTA budget allows the States and local communities significant flexibility in their use of UMTA and FHWA funds in causing this to happen.

SENATOR HATFIELD: Is it a reflection of the Adminis-tration's commitment to meet the requirements of the Clean Air Act that expansion of the Interstate and Major Highways receive 75 percent federal funding, while transit expansion receives only 50 percent?

ANSWER: The differing local share percentages between highway and transit projects reflect the basic Administration position that facilities on the National Highway System will be more directly National priorities, while transit tends to be more of a local priority. However, the flexibility allowed the States and local communities in allocating their FHWA Urban and Rural Program funds or UMTA transit funds, is intended to address just such issues as air quality. Some communities will face significant local pressures to improve their air quality over and above the Federal requirements in the Clean Air Act.

SENATOR HATFIELD: With the passage of the Clean Air Act and the President's proposed National Energy policy, the importance of air quality and reduction in energy consumption have received an enhanced level of attention in recent months. However, UMTA is under no requirement to assess how a new start project might improve air quality or reduce energy consumption.

Would you agree that these two factors should receive consideration in the new starts evaluation process on a level with the current ridership and cost effectiveness criteria?

If not, please explain why are quality and energy considerations are not as important as ridership and cost effectiveness?

ANSWER: I agree entirely with the idea of considering air quality benefits or energy consumption benefits in evaluating a new start project. In fact, UMTA's evaluation criteria for assessing New Start projects takes into account air quality and energy benefits by focusing on the number of new riders attracted to transit. A New Start project does nothing to improve air quality or reduce energy consumption unless it attracts auto drivers to transit. In addition, in determining the cost-effectiveness of projects, UMTA takes the value of air quality and energy benefits into account in setting the maximum cost that should result from attracting one new rider. UMTA's assessment of a New Start project takes into account as many of the benefits and costs as can be quantified.

SENATOR HATFIELD: Many cities have adopted policies intended to enhance transit ridership as a means of meeting air quality goals or improving mobility, such as limitations on the number of parking spaces. In Portland, we have had great success with just such a policy, as transit ridership into downtown Portland has continued to grow without detrimental impact on employment or economic development. When such policies are adopted, what level of consideration do they receive in the UMTA New Start evaluation process? Do you believe that such policies should be encouraged by UMTA?

ANSWER: We take into account such policies in a number of ways. Again, the forecasts of new transit use, which forms the basis for estimating the cost-effectiveness of the proposed projects, are conducted using a consistent forecast of future transportation policies, such as parking limits. It is our experience that areas with transit supportive transportation policies will do that much better in their estimates of new transit use than areas without such policies. They will have higher transit mode shares and a higher propensity for new trips to be taken on transit. Thus, the area's forecasts will account fully for such supportive transportation policies and the cost-effectiveness estimated as a result of the analysis will also account for such policies. The second way in which such policies are accounted for is in the policy for such projects which indicates that UMTA expects areas to adopt supportive transportation policies when projects are selected for funding. The degree to which areas have adopted such policies is one of the subjective factors used in evaluating projects.

As with land use policies, we believe that this is the appropriate level of consideration such supportive land use policies are given. By the combined effect of the impact of such policies on forecasted costs and benefits and the subjective evaluation of the degree to which such policies are in place, projects are fairly and uniformly judged in terms of their worthiness for a Federal investment.

UMTA strongly supports the implementation of such policies at the local level. These policies ensure that the Federal transit investment is protected.

SENATOR HATFIELD: Many cities have attempted to enhance ridership on New Start projects by requiring minimum densities at station sites and pursuing Joint Development at these sites. The goal of these efforts is to encourage ridership over a ten to twenty year period. Does UMTA currently consider these efforts in evaluating New Start projects? Would you agree that these kinds of efforts help make a New Start project more cost-effective over a twenty year period?

ANSWER: We consider the effect of such efforts in a number of ways. First, as noted, UMTA accounts for the effect of land use policies by assuring that the estimates of the impacts of a proposed project are based on forecasts of land use and development reflecting adopted land use policies. Second, UMTA has as one of its subjective criteria the degree to which supportive land use policies are in place. In addition, UMTA's Major Investments Policy requires areas to adopt such policies when major investment grants are made.

UMTA strongly supports Joint Development as a means to make better use of transit facilities and to ensure the interrelationship of transit investments and urban development. The extent to which Joint Development activities are proposed is evaluated as part of UMTA's review of the local financial commitment to New Starts. In addition, our reauthorization proposal would make review of innovative financing techniques, including Joint Development, a mandatory part of the development of local financial plans.

It is clear that projects with development tied to the projects make those projects more cost-effective than those where land use policies are not supportive. We believe that this is reflected in the assessment of cost-effectiveness now made by project sponsors. Projects with better development relationships simply produce more new transit riders than those without such strong transportation investment/development connections.

QUESTIONS SUBMITTED BY SENATOR BOND

"METRO LINK" LIGHT RAIL SYSTEM
IN ST. LOUIS, MISSOURI

SENATOR BOND: Mr. Administrator, you were recently in St. Louis for a groundbreaking ceremony for the Metro Link Light Rail System. As you know, our system is proceeding on time and on budget. With the awarding of over 90 percent of the construction contracts now complete, I would be interested in your views on how the project is progressing.

ANSWER: The Metro Link light rail project is progressing satisfactorily. The full funding agreement revenue service date of July 1, 1993, remains attainable. However, Bi-State must diligently pursue the acquisition of remaining right-of-way and property agreements as well as the design and construction of the airport segment if the complete light rail system is to be opened by this date.

Construction bids to date have been within budget estimates. Although other project elements, notably right-of-way acquisition costs, are exceeding initial estimates, the project contingency funds are presently adequate to cover the cost of the originally budgeted project. However, the recent light rail alignment changes in the vicinity of St. Louis' Lambert International Airport were never included in the original budget estimates and will likely result in a budget shortfall. Bi-State estimates that an additional $35 million dollars will be required to cover this shortfall, $25 million of which they hope to secure from UMTA under the extraordinary cost provision of the grant agreement.

SENATOR BOND: As you know, Mr. Administrator, St. Louis officials have made a decision to extend the rail line into the main terminal at Lambert International Airport, providing immediate accessibility to the system. I believe that the direct connection of the airport, which is an international hub, with downtown St. Louis is one of the most important merits of the project. Do you agree that this is an advantage for the system?

ANSWER: One of the key national transportation policy objectives enunciated in the Department's National Transportation Policy is to enhance inter-modal connectivity, and by serving the airport, the Metro-link should do that. This having been said, however, a number of issues should be kept in mind.

If Lambert Field is like most U.S. airports, the majority of non-plane change airline trips have neither a trip origin nor a trip destination in the city's downtown. It is therefore likely that for most St. Louis air passengers, use of Metro-link will require multiple transfers, with related walking and waiting. This will, unfortunately, act as a substantial deterrent to transit use for people traveling with luggage or for people traveling as a group, both of which are usual for the substantial non-work travel market.

Even in cities with fully developed regional rail transit systems, the percentage of airline passengers using airport rail transit links in the U.S. is modest, ranging from 5 to about 15 percent. For example, Washington National Airport, with its close-in location, regulated air trip distance limitation and huge downtown travel market, has 15 percent of its passengers using rail transit. At the other end of the spectrum, airport rail links in Philadelphia and Cleveland capture only about 5-7 percent of airline passenger traffic, primarily because, like in St. Louis, their downtowns contain a relatively small percentage of regional employment.

What this tells us is that airport rail links should be designed to minimize the walking and transferring problems which are primary deterrents to their use. It also suggests that if we are to make truly significant inroads in auto-use by airport passengers, transit modes capable of offering no-transfer, door-to-door service for trips with dispersed origins and/or destinations will probably work best.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

STATEMENTS OF:

BRIAN W. CLYMER, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION

DAVID L. GUNN, GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

ACCOMPANIED BY:

WILLIAM A. BOLEYN, ASSISTANT GENERAL MANAGER FOR FINANCE AND COMPTROLLER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

EDWIN C. KEISER, ACTING GENERAL MANAGER FOR DESIGN, CONSTRUCTION AND FACILITIES MAINTENANCE, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR GRANTS MANAGEMENT, URBAN MASS TRANSPORTATION ADMINISTRATION

INTRODUCTION OF WITNESS

Senator LAUTENBERG. Mr. Gunn. Welcome, Mr. Gunn. We have a statement, I believe, from Mr. Clymer related to WMATA.

And we would ask, Mr. Clymer, do you have a summary statement there that you want to give us?

Mr. CLYMER. Yes.

Senator LAUTENBERG. Thank you. Now we will hear from Mr. Gunn.

You have been on the job for long enough that we are going to be asking you very detailed questions about the quantity of pipe, electric wire, and things that you have in reserve. So I hope you are prepared.

Mr. Clymer.

UMTA BUDGET PROPOSAL FOR WMATA

Mr. CLYMER. Thank you, Mr. Chairman.

Mr. Chairman, I am pleased to have the opportunity to appear before you today to discuss our budget proposal for Washington Metropolitan Area Transit Authority's fiscal year 1992 Metrorail construction program. It is especially pleasing for me today to appear before this subcommittee with a friend of mine and former copractitioner of transit management in Philadelphia, Dave Gunn.

Our proposal for Federal funding of Metrorail construction in fiscal year 1992 totals $80 million. This consists, in part, of $24 million under the original $1.7 billion Stark-Harris authorization consistent with our financial full-funding agreement to construct 89.5 miles of the Metrorail system.

Federal appropriations to date have enabled the Metrorail construction program to stay on schedule and within budget, a noteworthy achievement in the transit construction business, and certainly a notable accomplishment by the authority's design and construction management staff. An additional $56 million is proposed under the recently enacted $1.3 billion extension of the Stark-Harris authorization.

At this time we have not yet received WMATA's specific plan or request. We have moved expeditiously to authorize WMATA beginning in December 1990 to undertake $4 million of engineering with local funds, pending appropriation of fiscal year 1992 funds under Stark-Harris. This engineering effort should enable the authority to define the additional extensions and mileage of the remainder of the rail system, which is to be constructed.

At this time, WMATA is working with its participating jurisdictions to develop a construction program and a schedule for the balance of the system, and to negotiate a capital contributions agreement for the requisite local funding of the project.

Consequently, I am unable to comment on the out-year funding requirements of the Metrorail construction program. We are going to enter into a full-funding agreement later this year for construction of the balance of the system and a funding schedule for the $1.3 billion of Federal funds available under the extension of the Stark-Harris authorization.

UMTA REAUTHORIZATION LEGISLATION

As we enter into the final phase of Federal assistance in construction of the Metrorail system, I would like to comment on related pending legislation which I feel would be of benefit to WMATA. As the subcommittee is aware, we are proposing to shift a much larger portion of the basic mass transit assistance program to a steady and predictable annual allocation by formula.

Furthermore, we are proposing to identify a special fund of $600 million that will be allocated according to what we call the rail factors of our section 9 formula program. While this important resource is primarily intended to help older rail transit systems rehabilitate their deteriorating infrastructure, it will be useful to help keep newer systems like WMATA from falling into a state of disrepair in the first place.

While we think of Washington Metrorail as a new system, its first rail segment actually went into operation in 1976. Under our proposal, WMATA would receive 4.9 percent of the $600 million to be allocated by the rail factors. That means in fiscal year 1992 the Washington urbanized area would receive an additional $29 million over and above its 1991 section 9 apportionment of $53 million.

Likewise, other cities, such as Atlanta and San Francisco, would also receive sizable increases in their formula funds that could be used for their new rail systems.

While I do not want to turn my statement this morning into just a pitch for reauthorization, I would just like to mention that the proposal will allow a metropolitan area, such as the one served by WMATA, the flexible use of certain Federal highway dollars for mass transit purposes.

PREPARED STATEMENT

Mr. Chairman, that concludes my statement. I would be happy to answer any questions.

[The statement follows:]

STATEMENT OF BRIAN W. CLYMER

Mr. Chairman, and distinguished members of the Subcommittee, I am pleased to have the opportunity to appear before you today to discuss our budget proposal for the Washington Metropolitan Area Transit Authority's [WMATA] fiscal year 1992 Metrorail construction program. Equally pleasing for me today is the first appearance before this Subcommittee of David Gunn, a friend and former copractitioner of transit management in Philadelphia.

Our proposal for Federal funding of Metrorail construction in FY 1992 totals $80 million. This consists in part of $24 million under the original $1.7 billion Stark-Harris authorization consistent with our financial full funding grant agreement to construct 89.5 miles of the Metrorail system. This will provide funds for ongoing construction management activities and procurement of ancillary equipment for completion of the 89.5 mile system.

Federal appropriations to date have enabled the Metrorail construction program to stay on schedule and within budget, a noteworthy achievement in the transit construction business and, certainly, a notable accomplishment by the Authority's design and construction management staff.

An additional $56 million is proposed under the recently enacted $1.3 billion extension of the Stark-Harris authorization. At this time, we have not yet received WMATA's specific plan or request. Given this fact, we believe our proposed funding will provide WMATA with sufficient funds in FY 1992 to undertake engineering, environmental analysis and land acquisition and other activities in support of the remainder of the 103 mile system.

We have moved expeditiously to authorize WMATA, beginning in December of 1990, to undertake up to $4 million of engineering with local funds pending appropriation of FY 1992 funds under the Stark-Harris reauthorization. This engineering effort should enable the Authority to define the additional extensions and mileage of the remainder of the rail system which is to be constructed with the $1.3 billion reauthorization.

At this time, WMATA is working with its participating jurisdictions to develop a construction program and schedule for the balance of the system and negotiate a capital contributions agreement for the requisite local funding of the project.

Consequently, I am unable to comment upon the outyear funding requirements of the 13.5 mile Metrorail construction program. We will enter into a full funding agreement later this year for construction of the balance of the system and a funding schedule for the $1.3 billion of Federal funds available under the extension of the Stark-Harris authorization.

As we enter the final phase of Federal assistance in construction of the 103 mile Washington Metrorail system, I would like to comment on related pending legislation which will be of benefit to WMATA.

As the Subcommittee is aware, we are proposing to shift a much larger portion of the basic mass transit assistance program to a steady and predictable annual allocation by formula.

Furthermore, we are proposing to identify a special fund of $600 million that will be allocated according to what are called the "rail factors" of our Section 9 formula program.

While this important resource is primarily intended to help older rail transit systems rehabilitate their deteriorating infrastructure, it will also be useful to help keep newer systems like WMATA from falling into a state of disrepair in the first place.

While we think of the Washington Metrorail as a new system, its first rail segment went into revenue operation in 1976. Under our proposal, WMATA would receive 4.9 percent of the $600 million to be allocated by the rail factors. That means that in Fiscal Year 1992, the Washington urbanized area will receive an additional $29 million over and above its 1991 Section 9 apportionment of $53.3 million. Likewise, other cities such as Atlanta and San Francisco would also receive sizable increase in their formula funds that could be used for their new rail systems.

And while I don't want to turn my statement this morning, Mr. Chairman, into merely a pitch for our reauthorization proposal, I would just like to mention that the proposal will allow metropolitan areas such as the one served by WMATA the flexible use of certain Federal highway dollars for mass transit purposes.

Just as the Interstate Transfer program played such a key role in helping WMATA and the jurisdictions fund Metrorail construction in the past, so might this new flexibility help them finish the job.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to questions.

STATEMENT OF SENATOR MIKULSKI

Senator LAUTENBERG. Thank you very much.

I want to put into the record a statement from Senator Barbara Mikulski from Maryland, who is at another hearing. She told me how much she would like to be here, particularly because of her interest in transit, but specifically on the WMATA issues as well.

[The statement follows:]

STATEMENT OF SENATOR MIKULSKI

Mr. Gunn, we welcome you to the nation's capital and to the helm of the Washington Metropolitan Area Transit Authority. Your accomplishments in New York, Philadelphia and Boston are well known to us. A reputation like yours brings high expectations. And, you're filling a job which until recently was held by one of the great public administrators of our time: Carmen Turner. You have a tough act to follow. We're confident you'll continue in her tradition of strong leadership and exceptional management.

It's an exciting time for Metro. Last year, the Wheaton and Forest Glen stations opened. They're already packed with commuters every day. Late last year, we succeeded in passing the reauthorization to provide the additional Federal funds necessary to move beyond the original 89-mile portion of the system. And this year, the long-awaited Green Line will finally come on line with the opening of the stations between Anacostia and U Street-Cardozo.

Metro is a great deal for everyone in the region. Completing Metro will provide an alternative to the automobile for a larger number of Maryland, Virginia, and D.C. residents. It will improve energy conservation and decrease traffic congestion, air and noise pollution in the suburbs and the city.

The Metro Board of Directors has determined it needs $190.5 million in Federal funds for fiscal 1992 to fulfill its plans for continuing construction. I'll be working with Chairman Lautenberg to see that we provide as much of those funds as possible, within the limitations this subcommittee faces. As the Chairman knows, funding the Washington Metro has been, and continues to be, a top appropriations priority for me.

Mr. Gunn, I look forward to working with you, and we're glad to have you here today.

WELCOME TO MR. GUNN

Senator LAUTENBERG. Now we would like to welcome Mr. Gunn formally.

I notice one thing in the transit community as I have been more involved with it. Before coming to the Senate I was a commissioner of the Port Authority of New York and New Jersey, and therein was the development of my interest in transportation systems altogether, because I ran a company that had lots of vehicles out there and had to consider the problems of 16,000 people getting back and forth to work and getting our product out to the customers.

So I had an interest, but I never had the exposure as I have had since being on this subcommittee and chairing it for the last few years. But I notice that there is a variety of exposure to similar systems. Our new transit chief in New Jersey, Shirley DeLibero, had been involved with the system here and in Dallas, TX, up in Boston, and you have had Boston, Philadelphia, and New York experience.

Some time in a private moment we will discuss the specifics of each of those. This is not a time for history, but, rather a time to talk about the future. And I am sure this is the case for the two of you also. You indicated that you are friends and have had contact.

Mr. GUNN. Yes; we have worked together.

Senator LAUTENBERG. It would be interesting, Mr. Gunn, to see what you think of Brian Clymer's view of transit today compared to as you used to know it. But I will not do that.

Welcome. We wish you well with your new assignment. It is an important one and a wonderful opportunity, I think, in terms of showing the contribution that transit can make to the community. So we are pleased to have you here and invite you to give your statement.

Is this your first testimony before a congressional committee?

STATEMENT OF DAVID L. GUNN

Mr. GUNN. Yes, sir.

Senator LAUTENBERG. It is a rare and wonderful experience and you will get to enjoy it. [Laughter.]

Mr. GUNN. I have been looking forward to it.

Senator LAUTENBERG. I am sure that is one of the principal reasons you came here. [Laughter.]

Mr. GUNN. They told me I would get a lot of exposure, but they did not say to what.

Senator LAUTENBERG. Yes; you have started getting quite a share of it. But please give your testimony.

WMATA APPROPRIATIONS REQUEST

Mr. GUNN. Mr. Chairman, I am pleased to be here representing WMATA. I am quite proud to be associated with this particular transit authority. It is clearly a successful one and one that is a leader in the industry. It is obvious, in my short stay here in the Capital, that Metro has clearly made a tremendous difference to this city. I can see it by riding around and comparing it with what I remember Washington to be when I was younger. I lived here when I was in the Navy for a short period of time.

I have been on the job 2 full days; I am starting my third day. We are all fortunate that I have with me two gentlemen who have been with the transit authority for a longer period of time. Both are assistant general managers. Bill Boleyn is the assistant general manager for finance. Ed Keiser is the acting assistant general manager for design, construction and facilities maintenance.

I am going to ask them to give the testimony, since, if I were giving it, all I could do would be to read a prepared statement. I do not think that is particularly useful. So, with your indulgence, I will turn it over to them.

Senator LAUTENBERG. We will be happy, under the circumstances, to do it that way. We know these are two seasoned executives and we are pleased to hear from you. We would also, however, ask you to summarize your statement and proceed.

STATUS OF METRO OPERATIONS

Mr. **Boleyn**. Thank you, Mr. Chairman. I am going to highlight the statement as you have just indicated. I would like to begin by reviewing the status of Metro operations and our construction program.

Senator **Lautenberg**. You might want to move that microphone just a little bit closer so the people in the back of the room will hear you better.

Mr. **Boleyn**. Thank you.

I would like to begin by reviewing the status of Metro operations. Today we are operating some 63 stations and 73 miles of the rail service. Ed Keiser will point this out to the committee on the map. We also have a bus fleet of 1,600 vehicles.

Our cost recovery ratio projected for fiscal year 1992 is 81 percent for Metrorail, 33 percent for our bus system, and 56 percent for the system as a whole. As our map shows, our rail system currently in revenue operation includes the Red Line from Shady Grove to Wheaton; the Orange Line from Vienna to New Carrollton; the Blue Line from National Airport to Addison Road; and the Yellow Line from Huntington to Gallery Place/Chinatown.

Our ridership growth has slowed, reflecting a slowed economy and reductions in tourism in the Washington area. Metrorail ridership for the first half of 1991 increased 1.6 percent, while Metrobus ridership grew by 1.4 percent over the same period. I think the best description is that our ridership is increasing, but at a declining rate. We have not experienced a reduction in ridership at this point.

STATUS OF METRORAIL CONSTRUCTION

On the status of rail construction, we currently have 16 miles of construction underway that will complete 89.5 miles of the system using Stark-Harris funds. Construction is proceeding on schedule and within budget on the following lines: the Green Line from Gallery Place/Chinatown to U Street/Cardozo Station; and this will open on May 11, 1991. We invite you and the committee to join us on that occasion. The Blue Line from King Street to Van Dorn in Virginia, opens on June 15, 1991. We also invite you and the committee to join us on that occasion. The Green Line from L'Enfant Plaza to Anacostia, opens late in 1991. The outer Green Line, from Fort Totten to Greenbelt, will open in late 1993.

METRO REAUTHORIZATION LEGISLATION

In regard to our reauthorization legislation, we are very pleased that on November 15, 1990, President Bush signed into law the National Capital Transportation Act Amendments of 1990, authorizing $1.3 billion to complete most of the remaining 13.5 miles of the planned 103-mile system. We want to take this opportunity to thank you, Mr. Chairman, the members of your subcommittee, and indeed the entire Congress, for reaffirming the Federal commitment to completion of the entire 103-mile Metrorail system.

We also wish very much to express our appreciation for the administration's willingness to reach agreement with this region on the legislation. We particularly appreciate Brian Clymer's involvement in this issue.

The matching formula contained in the legislation is 62.5 percent Federal and 37.5 percent local. Therefore, the matching share that the local governments in this region will assume will almost double from what it has been. We are currently developing the construction sequence and schedule for those portions of the system that will be funded under the reauthorization.

The segments of the 103-mile system which remain to be built are U Street/Cardozo to Fort Totten in the District of Columbia; Wheaton to Glenmont in Montgomery County, MD; Anacostia to Branch Avenue in Prince Georges County, MD; and Van Dorn to Franconia/Springfield in Fairfax, VA. The program being developed now will enable us to advance design and construction as soon as agreement can be reached with UMTA on a new full-funding agreement. We have received excellent cooperation from UMTA and look forward to working with them.

FISCAL YEAR 1992 APPROPRIATIONS REQUEST

We will need the funding contained in our 1992 appropriation request in order to proceed expeditiously once the details of the full-funding agreement are in place.

Our 1992 Federal appropriation request totals $190.5 million. This is comprised of $28 million from the Stark-Harris authorization and $162.5 million from the recently enacted reauthorization. The 1992 appropriation will enable the authority to cover 1992 project management costs associated with completion of the 89.5 miles of the system. This is the only portion of our 1992 request to be funded using the Stark-Harris authorization.

Under the reauthorization, we will design the final 13.5 miles under the full-funding agreement reached with UMTA in 1986. The Authority has been prohibited since 1986 from using any Federal funds on the remaining 13.5 miles. Thus, design work on the final 13.5 miles needs to be advanced through the general plans and environmental impact process.

Using fiscal year 1992 appropriated funds, we would acquire real estate needed for construction to proceed on the final mileage of the system. We would initiate construction on portions of the final 13.5 miles where design work and real estate acquisition are reasonably far along. And we would purchase additional rail cars to serve the increased ridership anticipated as new segments open and additional parking becomes available.

When we signed the current contract to purchase 100 rail cars, we obtained an option for 40 additional cars. The initial purchase of 100 cars is funded with prior year Stark-Harris appropriations. During 1992, we would like to exercise the contract option available to us to purchase an additional 40 cars at a very favorable price using reauthorized funds.

WMATA OPERATING BUDGET

I would like to complete my statement by referring briefly, Mr. Chairman, to the Authority's fiscal year 1992 operating budget. The proposed budget of $667.9 million currently is being considered by the WMATA Board of Directors. It maintains our high standards of safety and reliability, while continuing a strict cost-containment effort.

The budget recommends a fare adjustment that will generate $37.7 million to offset increased operating costs. The last fare increase of 5 cents to the base fare was in 1989, following 5 years without any fare increases. Since 1985, transit operating costs increased some 56.6 percent. Fares clearly have not kept the pace with increasing costs. Thus, rather than continuing to rely so heavily on taxpayers, the proposed 1992 operating budget would shift a greater share of costs to our transit users.

Mr. Chairman, this concludes my overview of our request and our operating system.

PREPARED STATEMENTS

Senator **LAUTENBERG.** Thank you, Mr. Boleyn. We have the complete statements of Mr. Gunn and Mr. Boleyn and they will be made part of the record.

[The statements follow:]

STATEMENT OF DAVID L. GUNN

INTRODUCTION

Good morning Chairman Lautenberg and members of the subcommittee. It seems fitting that, in my third day as General Manager of the Washington Metropolitan Transit Authority, I am already testifying before the Congress. With me is William Boleyn, Assistant General Manager for Finance and Comptroller, and Edwin Keiser, Acting Assistant General Manager for Design, Construction and Facilities Maintenance. I am very pleased to be here today to present testimony in support of the authority's fiscal year 1992 construction program.

I am excited about the challenge of assuming the role of General Manager of Metro. I have had extensive experience managing older transit properties in New York, Philadelphia and Boston. Metro is reaching maturity in excellent condition and with satisfied riders. I certainly intend to keep it that way, with your help.

Metro's reputation in the transit industry is that it is well designed, constructed, operated and maintained. The Metro staff has a strong sense of mission. They are clearly committed to providing the finest quality transit service. Metro is fortunate to have the strong support of the Federal, State and local governments that all have an interest in building and maintaining transit service worthy of the Nation's Capital.

Metro has a dual mission—to complete the 103 mile adopted regional system and to provide quality bus and rail service throughout the metropolitan area. Metro does an excellent job of providing bus and rail service each day. Our energies will continue to be devoted to the basics of providing quality, reliable safe service.

The recently enacted Metro reauthorization legislation reaffirms the Federal commitment to completion of the full 103 mile system and provides funding towards that purpose. My focus will be to ensure that the Metro construction program continues to be conducted in an efficient and cost effective manner.

The Authority's fiscal year 1992 appropriations request is for $190.5 million, comprised of $28 million in Stark-Harris funds and $162.5 million in funds provided by the Metro reauthorization bill signed into law last November. This request will enable the Authority to move towards completing construction on lines within 89.5 miles of the system funded under the previous authorization and initiate work on the remaining 13.5 miles of the full 103 mile system as contemplated in the reauthorization.

At this time I would like to ask Mr. William Boleyn, Metro's Assistant General Manager for Finance and Comptroller to describe in further detail the authority's fiscal year 1992 request and the status of metro operations and construction. Mr. Boleyn very ably served as Acting General Manager from December until I came on board. He has provided very capable leadership and continuity during this transition period, including the preparation of this testimony.

STATEMENT OF WILLIAM A. BOLEYN

Thank you. I would like to begin by reviewing the status of Metro operations and our construction program.

THE OPERATING SYSTEM

Today we are operating 63 stations and 73 miles of rail service. We have a bus fleet of 1,600 vehicles which service 500 routes and travel 52 million miles each year. Our cost recovery ratio projected for fiscal year 1992 is 81 percent for Metrorail, 33 percent for Metrobus, and 56 percent for the system.

As our map shows, our rail system currently includes: The Red Line from Shady Grove to Wheaton (service from Silver Spring to Wheaton opened in September of 1990); the Orange Line from Vienna to New Carrollton; the Blue Line from National Airport to Addison Road; and the Yellow Line from Huntington to Gallery Place-Chinatown.

Metrorail and Metrobus ridership continues to grow, although not at as great a rate as projected. Our ridership growth has slowed due to reductions in tourism and the weakened economy in the National Capital area. Metrorail ridership for the first half of fiscal year 1991 increased 1.6 percent, while Metrobus ridership grew by 1.4 percent over the same time period.

STATUS OF RAIL CONSTRUCTION

We currently have 16 miles of construction underway. These 16 miles will complete 89.5 miles of the system within the funds available under the Stark-Harris authorization. Construction is proceeding on schedule and within budget on the following lines: The Green Line from Gallery Place-Chinatown to the U Street-Cardozo Station. This is virtually complete and will open on May 11, 1991. We invite you to join us in celebrating the opening of Green Line service, so critical to a very transit dependent part of the region; the Blue Line from King Street to Van Dorn in Virginia—opening June 15, 1991. We also extend an invitation for you to join us for this opening; the Green Line from L'enfant Plaza to Anacostia opening late in 1991; and the outer Green Line, from its intersection with the Red Line at Fort Totten and extending to Greenbelt, which will be carrying passengers in late 1993.

By the end of 1993, we will have a total of 89.5 miles in revenue service.

1990 METRO REAUTHORIZATION LEGISLATION

We are very pleased that on November 15, 1990, President Bush signed into law the National Capital Transportation Act Amendments of 1990, authorizing $1.3 billion to complete most of the remaining 13.5 miles of the planned 103 mile system. We want to take this opportunity to thank you, Mr. Chairman, the members of this subcommittee and indeed the entire Congress for reaffirming through the passage of this bill the Federal commitment to completion of the entire 103 mile Metrorail system. We also very much appreciate the administration's willingness to reach agreement with this region on the legislation.

The matching formula contained in the legislation is 62.5 percent Federal and 37.5 percent local. Therefore, the matching share that the local governments in this region will assume for Metrorail construction will almost double.

The WMATA board is currently developing the construction sequence and schedule for those portions of the system that will be funded with the reauthorization.

The segments of 103 mile system which remain to be built are: U Street Cardozo to Fort Totten in the District of Columbia; Wheaton to Glenmont in Montgomery County, Maryland; Anacostia to Branch Avenue in Prince Georges County, Maryland; Van Dorn to Franconia-Springfield in Fairfax, Virginia.

The program being developed by the board will enable us to advance design and construction as soon as agreement can be reached with the Urban Mass Transportation Administration on a new full funding agreement. We have received excellent cooperation from UMTA and look forward to working with the administration to develop a mutually agreeable construction program. We will need the funding contained in our fiscal year 1992 appropriations request in order to proceed expeditiously once the details of the full funding agreement are in place.

FISCAL YEAR 1992 FEDERAL BUDGET REQUEST

As Mr. Gunn indicated, our fiscal year 1992 Federal appropriation request totals $190.5 million. This is comprised of $28 million from the Stark-Harris authorization and $162.5 million from the recently enacted reauthorization.

The fiscal year 1992 appropriation will enable the authority to: Cover 1992 project management costs associated with completion of 89.5 miles of the system. This is the only portion of our fiscal year 1992 request to be funded using the Stark-Harris authorization.

Under the reauthorization, we would: Design the final 13.5 miles. Under the full funding agreement reached with UMTA in 1986, the authority has been prohibited from spending any Federal funds on the remaining 13.5 miles. Thus, design work on the final 13.5 miles needs to be advanced through the general plans and environmental impact process; acquire real estate needed for construction to proceed on the final 13.5 miles; initiate construction on portions of the final 13.5 miles where design work and real estate acquisition are reasonably far along. Some of this design work was carried out earlier using local funds under a letter of no prejudice from UMTA. These advanced funds would be repaid; and purchase additional rail cars that will be needed to serve the increased ridership anticipated as new segments open and additional parking becomes available. When we signed the current contract to purchase rail cars, we obtained an option for 40 additional cars over and above the initial 100 rail cars purchased. The initial 100 rail car purchase is funded with prior year Stark-Harris appropriations. During fiscal year 1992 we would like to exercise the contract option available to us to purchase an additional 40 cars at a favorable price using reauthorized funds.

With our full request of $190.5 million, we will be able to meet our objectives of maintaining the momentum of our construction program and building as expeditiously and efficiently as possible in order to minimize the cost of the overall program.

AUTHORITY'S FISCAL YEAR 1992 OPERATING BUDGET

I would like to take a moment to comment on the authority's fiscal year 1992 operating budget. The authority's proposed operating budget of $667.9 million is currently being considered by the WMATA Board of Directors. The proposed budget maintains our current high standards of safety and reliability for bus and rail service, while continuing strict cost containment efforts. It also supports the service we will initiate as we open 8.3 miles of Metrorail by the end of fiscal year 1992. The proposed budget recommends a fare adjustment that will generate $37.7 million to offset increased operating costs arising from new service and service improvements, provisions of current labor agreements, new federally-mandated environmental requirements, inflation, and higher fuel costs.

The last fare increase of a nickel to the base fare was in 1989, following five years without any fare increases. Since 1985, transit operating costs increased 56.6 percent, local government transit subsidies increased by 44.8 percent, while fares increased by only 6.5 percent. Fares clearly have not kept pace with increasing costs. Thus, rather than continuing to rely so heavily on taxpayers in the region, the authority's proposed fiscal year 1992 operating budget would shift a greater share of costs to transit users.

This concludes my overview of the status of Metro operations and construction. I would like to turn the microphone back to our general manager, Mr. Gunn.

CLOSING REMARKS OF MR. GUNN

In summary, our fiscal year 1992 request is for an appropriation of $190.5 million, of which $28 million is from Stark-Harris funds and $162.5 million in newly reauthorized funding. This appropriation will be used for design and engineering, insurance, real estate acquisition, construction, project management and rail car purchases. I urge you to provide this funding in order to maintain the momentum of the Metro construction program.

I am extremely pleased to join the Metro team and pledge to you a steadfast commitment to continue to provide top quality transportation service to the National Capital region. We greatly appreciate the strong support this subcommittee has shown Metro in the past. I look forward to working closely with you in my new position.

Thank you for the opportunity to testify today. We would be pleased to answer any questions you may have.

SUMMARY OF WMATA STATEMENT

Senator LAUTENBERG. Mr. Gunn, did you have something else that you would like to add?

Mr. GUNN. I would like to summarize. Our fiscal year 1992 request is for an appropriation of $190.5 million. That is divided with $28 million from Stark-Harris funds and $162.5 million from the newly reauthorized funding.

Our basic thrust is to get on with the completion of the 103-mile system. When we open those lines that currently are under construction, we will have 13.5 miles remaining to be completed. That is really what we are driving at with this request.

CONSTRUCTION PLAN

Senator LAUTENBERG. Thank you very much, Mr. Gunn. Please feel free to refer to your colleagues as needed.

Why has not the Transit Authority forwarded to UMTA its specific request for the fiscal year 1992 funding?

Mr. GUNN. Are you referring to the construction plan?

Senator LAUTENBERG. Yes.

Mr. GUNN. We are right now in the final stages of developing the construction plan. It is a board decision which they currently are finalizing. I would anticipate, based on discussions that I have had since I have been here, that the plan will be available fairly shortly.

Senator LAUTENBERG. How soon is fairly shortly, Mr. Gunn?

Mr. GUNN. I cannot commit the board on that, but I would say, again, based on the discussions that I had, a month or so. But I cannot commit, obviously. I am taking a guess.

FISCAL YEAR 1992 WMATA REQUEST

Senator LAUTENBERG. The thing that I am interested in getting at here is how did we develop the $162.5 million?

Mr. GUNN. The figure, $162.5 million, is derived by taking the $1.3 billion and dividing it by 8, which is the number of years covered by the reauthorization. It is a mathematically derived figure.

Senator LAUTENBERG. We want to be of as much help as we realistically can be, but is not there likely to be an acceleration of need as time passes? To put $162 million on the table now when, in fact, relatively little is going to be done in the next year, seems to me to be not really confronting the problem in the most logical way.

Mr. GUNN. The actual rate of expenditures will obviously depend upon the construction program that we are authorized to do.

Senator LAUTENBERG. What will you be spending money on?

Mr. GUNN. We will be spending money on a variety of things including cars, design, real estate acquisition, and construction. We think we can commit the funds. But you are referring to obligations, I believe. We will not obligate the entire amount in fiscal year 1992.

The exact amount will depend upon the plan that the board adopts.

RAIL CAR PURCHASE

Senator LAUTENBERG. You are talking about the purchase of additional cars. Did we hear from Mr. Boleyn that cars were being purchased?

Mr. GUNN. There are 100 cars under contract, with an option to purchase 40 additional cars.

Senator LAUTENBERG. Right. But those car purchases, if I understood you correctly, were out of existing Stark-Harris funds.

Mr. BOLEYN. Yes; that is correct for the 100-car purchase.

Senator LAUTENBERG. So that would not be a 1992 requirement for the reauthorization. Mr. Gunn, that bell is significant. There is a vote on. So we will try to wrap things up in time for me to get there.

UMTA PROPOSAL

Given Metro's description of how funds might be expended, how did you approach or reach the decision, Mr. Clymer, to request $56 million, a contrast that is quite significant over the $110 million?

Mr. CLYMER. I would first of all like to express our willingness to cooperate with WMATA and work on a funding level. In the absence of a construction plan, we developed two calculations. The first, $24 million, from the original Stark-Harris authorization, is sufficient to fund those efforts during this fiscal year to bring into revenue service the balance of the 89.5 miles. The second calculation is $56 million which we think will be adequate funding to accomplish four things: to exercise the option to procure an additional 40 cars; to initiate the final design for the remaining portions of the system that will have completed the required environmental assessment; to provide some funds to begin the acquisition of real estate as those needs are identified through the design process; and last, to provide some incremental funds needed to manage the process. This is our best assessment of WMATA's needs.

Senator LAUTENBERG. Under the reauthorization, Mr. Clymer, does the Federal Government have the responsibility to provide $162.5 million a year for the next 8 years for Metro's construction?

Mr. CLYMER. No; the agreement was to provide the funding, but not on a straight line draw down.

Senator LAUTENBERG. Mr. Gunn, you heard Mr. Clymer's answer to the question. How do you respond to his answer?

Mr. GUNN. Well, again, I cannot give you a specific obligation schedule. The car procurement is a good example. We know that the purchase of 40 additional cars will cost approximately $40 million in Federal funds, and that funding would be from the recently enacted Metro reauthorization. The important thing from WMATA's perspective is that we know that we are moving forward on completing the last portion of the 103-mile system. We do not want to march down a road and then have a problem in future years with lines designed, but no construction money.

So our most critical concern is to know that once we start moving on the remaining 13.5 miles, that we are going to get the funds to complete it.

LOCAL MATCHING FUNDS

Senator LAUTENBERG. Are any of the local governments, to your knowledge, late in their payments to Metro?

Mr. GUNN. I cannot answer that.

Senator LAUTENBERG. Mr. Boleyn, if so, which local governments are behind and how much?

Mr. BOLEYN. I did not hear your question, Mr. Chairman.

Senator LAUTENBERG. Are any of the local governments behind in their payments?

Mr. BOLEYN. No, sir; none are behind. All of them are up to date both in the area of construction matching funds and in operational subsidies, Mr. Chairman.

Senator LAUTENBERG. Have you negotiated with the local authorities a new capital construction agreement to pay for the local shares thus far?

Mr. BOLEYN. We have an existing capital contributions agreement. It has to be updated to provide for the recently enacted Metro reauthorization. I should point out, Mr. Chairman, that when the Metro reauthorization bill was discussed, each of the local governments in this region considered the increased local share to be included in the final legislation. The local governments expressed their support for the increased local matching share that is included in the Metro reauthorization legislation.

Senator LAUTENBERG. So are you satisfied that you have a firm commitment by each of them to carry their share?

Mr. BOLEYN. Satisfied enough to say I think there are no questions.

Senator LAUTENBERG. Satisfied enough to say I think there are no questions. Do you want to take out "I think"?

Mr. GUNN. He said we will get the local funds.

Mr. BOLEYN. I will say that there is no question then.

Senator LAUTENBERG. Can you get any of the new Federal reauthorization money without the agreements on construction funding by the locals?

Mr. BOLEYN. We expect the Federal Government to require agreement. That is a contractual arrangement that we enter. We likely will need that agreement. It will be a part of the full-funding agreement that Mr. Clymer referred to earlier.

OPERATING ASSISTANCE

Senator LAUTENBERG. Mr. Gunn, under the administration's proposal, operating assistance for urbanized areas greater than 1 million people would be eliminated. How does this affect Metro?

Mr. GUNN. Our operating assistance is about $16 million from Federal subsidies. It is a relatively small proportion of our total budget. We are not as severely impacted by changes as smaller transit authorities. But clearly, every dollar counts.

Senator LAUTENBERG. Is that music to your ears, Mr. Clymer?

Mr. CLYMER. Absolutely.

Senator LAUTENBERG. You just killed it for every other transit authority.

Mr. GUNN. I stated the impact on WMATA only.

Mr. CLYMER. As I mentioned in my opening remarks——

Senator LAUTENBERG. The new kid on the block is feeling pretty good. Wait until he has been around here for a while.

Mr. CLYMER. We have a lot of money on the table for WMATA.

Mr. GUNN. We do support continued operating assistance for WMATA, as well as other properties. We strongly support the

APTA position. But I thought your question was the importance of operating assistance to WMATA, rather than the entire industry. [Laughter.]

I am probably in a lot of trouble now on my third day. [Laughter.]

Senator **LAUTENBERG**. Oh, you will last the week, I am sure. [Laughter.]

SUBMITTED QUESTIONS

We will have some questions for WMATA that we would also ask you to respond to promptly.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SENATOR LAUTENBERG: Mr. Gunn, the opening statement mentioned several activities associated with the additional 13.5 miles that would be covered by your 1992 request of $162.5 million. Specifically, what would be spent on:

- -- project management costs;
- -- designing the final 13.5 miles;
- -- acquiring real estate needed for the final 13.5 miles;
- -- initiating construction of the remaining miles; and
- -- purchasing additional rail cars:

ANSWER: The federal amounts that could be obligated on the final 13.5 miles during FY1992 are:

(Dollars in Millions)

Project Management	$ 5.1
Design	20.4
Real Estate	6.4
Construction	54.5
Insurance	4.8
Rail Cars	29.4
TOTAL	$120.6

The remaining funds could be obligated in FY1993. These funds are in addition to the amounts requested to complete construction on 89.5 miles.

QUESTION: Have you negotiated with the local authorities a new capital construction agreement to pay for the locals' shares? If not, when will this get done?

ANSWER: The Board of Directors is currently updating the capital construction agreement to include the changes inherent in the new authorization.

QUESTION: Can you use any of the new federal reauthorization money without a new capital construction funding agreement?

ANSWER: Yes. The existing agreement contemplated a reauthorization of federal funding.

QUESTION: The difference between the administration's request and Metro's request for original Stark-Harris funds is $4 million .... The administration asks for $24 million and Metro requests $28 million.

Mr. Gunn, how did you derive the figure, and on what activities would these funds be expended?

ANSWER: The $28 million will be used for project management costs and is based on an estimate of our current requirements. We believe that the Administration's proposal is based on an estimate of our requirements that was prepared in 1987.

QUESTION: Regarding the request of $28 million for continued work on the 89.5 mile system, detail when these funds will be obligated and identify for what purpose.

ANSWER: The $28 million will be used entirely for project management costs and will be entirely obligated in fiscal 1992.

QUESTION: Last year Metro took the position that it was better to receive its funding from general funds rather than from the trust fund. Under the budget summit agreement for FY 1992, domestic discretionary programs are slated to receive a 4 percent increase over the 1991 funding levels. Your request is for almost three times what was provided in 1991. Given the budget constraints, what can you say that would convince members charged with funding decisions that these funds are absolutely necessary in fiscal year 1992?

ANSWER: Our 1991 appropriation came out of the Stark-Harris Authorization which is nearly exhausted and since 1986 has been constrained by the Administration to be available only for construction of 89.5 miles of the system. As this construction approached completion, appropriations levels declined. Over the past five years, a very minimal amount of work funded entirely by the local jurisdictions has occurred on segments beyond the 89.5 miles. During this period the Authority worked on seeking continued federal financial support to complete the 103 mile system. In November 1990 the reauthorization was enacted, permitting the Authority to plan construction of the remainder of the system. We believe that an increase in annual funding for this construction will result in an overall system cost that is lower by getting the work underway now rather than stretching the construction program out.

QUESTION: Regarding the request for $162.5 million for the remaining 13.5 miles of the system, detail when these funds will be obligated and the amounts that will be used. Also identify the activities for which the funds will be used.

ANSWER: Of the $162.5 million requested from the new authorization, the following amounts could be obligated in FY 1992:

Project Management	$ 5.1 Million
Design	20.4
Real Estate	6.4
Construction	54.5
Insurance	4.8
Rail Cars	29.4
Total Request	$120.6

The remainder would be obligated in FY 1993. These funds are in addition to the amounts requested to complete construction on 89.5 miles.

QUESTION: Are Metro's cost and revenue problems going to be made up by greater local contributions to the system?

ANSWER: The Authority's increased diesel fuel costs and the shortfall in budgeted revenues will not require greater local contributions to the system. The Authority has taken several measures to retain a balanced budget for FY 1991 with only a one percent increase in local subsidy level for FY 1992, despite three extensions of the rail system which will occur between May and December of 1991.

The General Manager has recommended several cuts to the FY 1992 proposed budget as well as a two-step fare increase for Fiscal Years 1992 and 1993.

The net effect of these actions is to minimize the impact of escalating costs and stabilizing revenue growth on local subsidies.

QUESTION: Under the new reauthorization for Metro, the local share for construction increases to 37.5 percent. In effect, this almost doubles the amount that local governments will have to come up with for Metro to receive construction funds. Do they have the wherewithal to come up with these funds?

ANSWER: All local governments are fully committed to completion of the Adopted Regional System and they have indicated that the 37.5 percent local match will be available to match the new Federal appropriations.

QUESTION: Mr. Gunn, under the administration's proposal, operating assistance for urbanized areas greater than one million would be eliminated. How would this effect Metro?

ANSWER: The Authority receives $16.1 million in Federal Operating Assistance and approximately $30 million in Section 9 capital grants. The $16.1 million in operating assistance funds approximately 2.7% of WMATA's FY 1992 subsidized costs. If these funds were eliminated, the Authority would review its options and seek either an additional fare increase or increased local subsidy.

SUBCOMMITTEE RECESS

Senator **LAUTENBERG.** With that, we will conclude this hearing. I thank you all very much for your participation.

The subcommittee now stands in recess until Thursday, April 11, at 10 a.m., in this same room. At that time we will hear from the National Transportation Safety Board and from the Research and Special Programs Administration of DOT.

[Whereupon, at 11:49 a.m., Wednesday, March 20, the subcommittee was recessed, to reconvene at 1:03 p.m., Thursday, April 18.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, APRIL 18, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 1:03 p.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Byrd, D'Amato, and Hatfield.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

STATEMENT OF THOMAS D. LARSON, FEDERAL HIGHWAY ADMINISTRATOR

ACCOMPANIED BY:

- EUGENE R. McCORMICK, DEPUTY FEDERAL HIGHWAY ADMINISTRATOR
- E. DEAN CARLSON, EXECUTIVE DIRECTOR
- RICHARD P. LANDIS, ASSOCIATE ADMINISTRATOR FOR MOTOR CARRIERS

OPENING REMARKS

Senator LAUTENBERG. We will call the subcommittee to order.

We welcome, Dr. Larson, the Administrator of the Federal Highway Administration. We would like to take a look at some of the programs under your jurisdiction, Dr. Larson.

With the interstate system nearly completed, we need to take a fresh look at what the Federal role is in building and preserving our Nation's highways, including the Federal-State partnership, and preserving our infrastructure. What are the needs that ought to be addressed to enable this country to maintain its competitive position internationally?

My distinguished colleague, chairman of the Appropriations Committee, and I pretty much agree that the infrastructure of our country is an essential factor in the development of our economy. There is a crying need not only to fix what we have, but to expand our capacity to meet projected traffic growth in the future. Expanding our capacity not only means the pouring of more concrete, but it also means making our existing bridges and highways more efficient in order to lessen our ever-growing congestion problem.

Sixty percent of the petroleum consumed in this country is for transportation for moving goods and people. So highways can play a key role in reducing our Nation's independence on foreign oil. An efficient highway system also means less congestion, cleaner air. And I believe that an investment in intelligent highway technologies will reap this country innumerable benefits and could put us in a good position to meet the traveling needs of the population for decades to come. Later this month I intend to introduce legislation that will enable this Nation to be a leader in the intelligent vehicle/highway area.

During today's overview hearing on the Federal Highway Administration's fiscal 1992 budget request I am going to be asking Dr. Larson about the administration's reauthorization proposal in a number of areas, some of which are particularly critical to my State of New Jersey.

I do not believe that the administration's proposal is a blueprint for success. Shifting such a large part of the responsibility for primary, urban, and rural roads back onto the States does not meet, in my view, the challenge we face. I think it is an abdication of national responsibility.

Asking the States to come up with larger matching shares for most programs does not give me comfort, especially when we see that the States are being asked to do so much more in so many other areas.

I also question the wisdom of apportioning funds to States based on gasoline consumption. In my State, every effort is being made to clean up the air and reduce congestion, and that means more for mass transit. But if a State reduces its fuel consumption, it gets penalized under the administration's proposal by receiving less Federal funds, and that does not make sense.

A curious fact about the administration's proposal is that after 1996 it would lapse the new fuel taxes enacted in the Omnibus Budget Reconciliation Act. So in 4 years, we can look forward to a declaration of victory by the administration, and possibly less Federal involvement in addressing the Nation's infrastructure problems.

This is a critical year for our highway program. The program developed during this year's debate may very well be a guide for years to come and, I hope, for creativity and boldness. What I see is a retreat from where the Federal Government should be now and in the future.

I look forward to hearing Dr. Larson's comments, but first I want to call on the distinguished chairman of the Appropriations Committee, my colleague Senator Byrd, for any opening comments that he might have.

STATEMENT OF CHAIRMAN BYRD

Chairman BYRD. Dr. Larson, I fully subscribe to the comments of the chairman of the subcommittee, Senator Lautenberg.

Last year at the budget summit, I was there about all the time and I worked hard and labored long and talked loudly about the need for more money for infrastructure. And as a result of those efforts—I may even modestly say, as a result of the efforts which I led there at the summit, because it was like swimming upstream, going uphill—as a result, we came out with more money for infrastructure. Not enough, but more than the administration proposed, far more. But as I say again, not enough.

Now, I did not go there and work to get that funding for domestic discretionary initiatives increased to see us, in turn, limited by a proposal such as the administration has sent up here which would limit the highways of national significance, to use the administration's term, to 150,000 miles.

D'Tocqueville, when he visited this country 160 years ago, referred to the "incredible American," the incredible American. Now, we ought to pick up on that. The incredible American believes that if something has not yet been accomplished it is because he has not yet attempted it.

Now, I think that we are pulling the cover over our heads and burying our heads in the sand to constrain ourselves to a 150,000-mile limit for highways of national significance. It does not make sense. We are not going to build up the infrastructure of this country if we are going to be limited in such terms.

D'Tocqueville was not talking about Americans who put fetters on themselves and chains on themselves, and I am not talking about that either. That was not what I had in mind at the budget summit. So I intend to do everything I can to get this mileage allowance increased. The administration's surface transportation reauthorization bill, from the standpoint of West Virginia, is woefully inadequate.

I will ask the young man to show the first chart. This is a listing that has been prepared by the West Virginia Department of Highways. It lists several highways of more than passing significance to West Virginia and to the people who travel in and through West Virginia. Obviously, there are other highways which could be added to the list. So it is not purported to be the alpha and the omega of West Virginia highway needs. But it does list some of those that have the highest priority.

I have rearranged the list so as to show it from the top down, descending in the order of the mileage so that I do not appear to be selecting one highway over another. But, Dr. Larson, you will note that the total there is 2,200 miles. If West Virginia were limited to the 150,000 miles under the administration proposal, West Virginia's share would be only 1,307. If we just took the top three there, interstate, Appalachian, urban principal arterials, that would be about 1,231 or some such miles. That would take almost our total of 1,307, if we just took the first three shown.

So it is obvious that that national figure of 150,000 miles is going to have to be increased for West Virginia and other rural States, especially, to come somewhat near to meeting their infrastructure needs as far as highways is concerned. So I am going to do everything I can, as I say, to get this mileage allowance increased.

NATIONAL HIGHWAY SYSTEM MILEAGE CAP

I would like to ask you a question. What did you propose? I realize that you yourself do not make the policy. It is not something that is entirely yours to decide. There are others: the Secretary, the Office of Management and Budget, the President. But I am sure you had some say, you had some suggestion, some response. If you made a suggestion as to the total number of miles, what was your suggestion?

Dr. **LARSON.** Mr. Chairman, the numbers that we have worked with started at 150,000 as our target, and then we had an open-ended discussion with the States. And we have had that discussion with each of the 50 States. The professional staff at the Federal Highway Administration believes that the central objectives that we set out to meet could be and will be met within the 150,000-mile limit. Those objectives are as follows: incorporate the Interstate System; provide network continuity connecting all regions; provide for national defense needs; serve all urban places with a population of at least 10,000; and connect all major ports and airports and international border crossings. We have added some objectives to this as time has gone on, but there is a set of objectives, and we believe that 150,000 miles can meet those objectives that we set out for discussion.

One final observation is that the legislation advanced by the administration proposes a 2-year timeframe over which this matter would be kept open for discussion. And it also incorporates a 10-percent discretionary amount which would take the total up to 165,000 at the discretion of the Secretary.

Chairman **BYRD.** Dr. Larson, I have been on the Hill 39 years and in the Senate 33. And I know when a question is being answered and when it is not. You did not answer my question. If you did not make a suggestion, if you did not attempt to get the mileage higher, that would be the answer.

Dr. **LARSON.** Senator, I apologize if I was not clear. The Federal Highway Administration, with my concurrence, went forward in the initial letter to the States with a three-tiered approach. And so the answer is that we stayed open to what we were going to get back from the States. We did not—Tom Larson did not prescribe a single number.

NATIONAL HIGHWAY SYSTEM/STATE MATCHING FORMULA

Chairman **BYRD.** Very well. Under the current law in fiscal year 1991 to receive $110 million in Federal funds, West Virginia needs to come up with a matching $25 million. Under the administration's proposal, in 1992 West Virginia could receive $112 million in Federal funds—in other words, $2 million more than it now receives—but would need to provide a State match of $37 million. In other words, Federal funding would increase by approximately 2 percent over the 1991 level, but the administration's proposal would require West Virginia's match to increase by 48 percent. Now, that is not much of a bargain, looking at it from this side of the table, to put it mildly.

This is supposed to be a national highway program. But by requiring the States to bear too heavy a burden for funding road building and repair, the administration's proposal will create a rich-man-poor-man's nightmare. States with deep pockets that can afford the added matching fund requirements, if there be such, will build their roads and bridges. States that cannot afford the match will see their roads and bridges deteriorate. We risk ending up with a patchwork system that flies in the face of our national need to repair and rebuild and extend our infrastructure.

Would you be willing to work with me and other Members of the Senate to give consideration to addressing the concerns that I have put forth, one, with respect to the mileage cap, and two, with respect to the matching formula? And there will be others. I only have time to mention those two today.

Dr. LARSON. We would be pleased and honored, sir, to work with you. We have as a member of my personal staff, a person that is intimately acquainted with the circumstance in West Virginia, a former director of the State highway department. And a portion of his time is committed to trying to help us understand the special needs in States such as West Virginia. And we do believe—I personally believe that this bill must work very hard toward achieving equity and to keep these United States. I make that as a firm, personal commitment, sir.

Chairman BYRD. Well, I appreciate that commitment. I just want to say again that this is something that is of vital concern to me as a Senator from the State of West Virginia. And I will be seeking that assistance and advice and counsel, and working with my colleagues in the effort to rectify, in our view, the shortcomings of the administration's proposal.

I thank you for your statement, and I look forward to working with you.

Senator LAUTENBERG. Thank you very much, Senator Byrd. The wisdom contained in our distinguished chairman's head is something that all of us continuously respect and admire.

I have only one question for the distinguished chairman of the committee. How did you get the fellow from West Virginia on Tom Larson's staff? [Laughter.]

That is a new one for me.

Chairman BYRD. I am not fully aware of the answer myself.

Senator LAUTENBERG. I just wondered whether New Jersey and perhaps even New York——

Dr. LARSON. Senator Lautenberg, if I may comment, I spent the last hour before coming over here with Mr. Downs from your State, sir.

STATEMENT OF SENATOR D'AMATO

Senator LAUTENBERG. But he is not sitting at the bench. At any rate, thanks very much.

I would now acknowledge my distinguished colleague on the Transportation Subcommittee, the ranking member from across the river where our highways connect and we have common interests.

So Senator D'Amato, do you have an opening statement?

Senator D'AMATO. Well, Mr. Chairman, I too would like to take lessons from the master, the chairman. And it is a delight to be able to work with both Senator Lautenberg, the chairman of this subcommittee, and the chairman of the full Appropriations Committee, Senator Byrd.

I am going to make a short observation, as it relates to flexibility. I would hope that the same kind of flexibility that has made possible the turn-in of transit funds to highway would be accommodated and made possible for the urban centers. I think that is a key ingredient.

PREPARED STATEMENT

I would ask that the balance of my remarks be placed in the record.

Senator LAUTENBERG. Without objection.

Senator D'AMATO. I would like to pay a special commendation to my good friend from New Jersey, Senator Lautenberg, for the excellent work that he has done in handling this committee. It is not easy, with budget constraints being what they were.

And let me also say that I am deeply appreciative of the help that our chairman has given to us in the budget allocations, given the press that we constantly face with the Coast Guard funding and the others that are placed upon us, and then the limited resources. So, indeed, we are fortunate, and I thank the Chair.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I join you in welcoming today's witnesses from the Federal Highway Administration. Dr. Larson, given your key role in drafting the President's National Transportation Policy, I will certainly be keenly interested in hearing your testimony.

The Administration's fiscal year 1992 request for the Federal Highway Administration [FHWA] proposes an obligation limit of $15.7 billion, which is $1.2 billion over that of fiscal year 1991. However, total obligations would be $16.3 billion if we add back in exempted programs such as the emergency relief and minimum allocation programs.

Motor Carrier Safety Grants are funded at $60 million, the same as in fiscal year 1991. The Motor Carrier Safety program is proposed to be funded at $49.3 million, an increase of $9 million. Forty-three additional positions are requested to implement the Hazardous Materials Transportation Safety Act and the Sanitary Food Transport Act.

Intelligent highway/vehicle research and development is proposed for funding at $50 million. It will focus on addressing mobility problems such as congestion and urban gridlock.

Mr. Chairman, I look forward to hearing from today's witnesses.

Thank you, Mr. Chairman.

STATEMENT OF THOMAS D. LARSON

Senator LAUTENBERG. Thank you very much.

Dr. Larson, we now invite you to give your statement. You are aware of the fact that the full statement is to be placed in the record, and I would ask for you to summarize, in as relatively brief but complete form as you can, the remarks that you wanted to make.

INTRODUCTION OF ASSOCIATES

Dr. LARSON. Senator, with your concurrence, I will forgo any remarks. The remarks that I might have made have been largely subsumed by what has already been said, and so we stand ready to answer questions. I would only like to introduce my colleagues, Mr. Eugene McCormick, the Deputy Administrator; Mr. Dean Carlson, the Executive Director; and Mr. Richard Landis, from our Motor Carrier area. And we are ready to answer your questions, sir.

PREPARED STATEMENT

Senator **LAUTENBERG**. We thank you for your consideration, and we will place your complete statement at this point in the record. [The statement follows:]

STATEMENT OF THOMAS D. LARSON

Mr. Chairman, Members of the Committee. Thank you for providing me the opportunity to testify before the Committee on behalf of the Federal Highway Administration's budget proposal for fiscal year 1992.

With me this afternoon are Eugene R. McCormick, Deputy Administrator, Dean Carlson, the Executive Director and Richard Landis, the Associate Administrator for Motor Carriers.

OVERVIEW

The Federal Highway Administration budget proposal for fiscal year 1992, along with our proposal for reauthorization of the Federal-aid highway program, represents a significant new direction for the FHWA which is guided by the principles of the President's National Transportation Policy. With the Interstate system nearing completion, it is time to redirect our energy and focus our resources on programs and projects that will provide desired national benefits and will advance national goals for sustained economic growth and enhanced international competitiveness. Since our budget request incorporates the 1992 provisions of the Administration's proposed Surface Transportation Assistance Act (STAA) of 1991, I would like to take a minute or two and highlight some of these provisions.

The highway provisions of the proposed STAA provide $89.1 billion through a restructured Federal-aid highway program that gives form to the major principles of the National Transportation Policy. Assistance is provided through three major categories—the National Highway Program (NHP) the Urban and Rural Program, and an apportioned and discretionary Bridge Program. Also, the proposal provides strong Federal support for highway and motor carrier safety, Federal Lands Highways, and research and technology.

The purpose of the NHP is to foster national productivity and mobility by focusing investment on maintaining and improving an identified National Highway System (NHS) serving interstate and interregional commerce and personal transportation.

The NHS will consist of the current Interstate System; and, based on criteria set by the Secretary, other rural principal arterials; urban freeways and other principal arterials; and the Strategic Highway Network (Strahnet) There will be a designated system of about 150,000 miles with possible adjustment upward by the Secretary to 165,000 miles. Though an illustrative map of the system has been developed in conjunction with State and local officials, final designation will be made by the States in fiscal years 1992 and 1993 in consultation with local officials with approval by the Secretary. A new functional classification for all public roads will be part of the process.

Final authorizations to complete construction of the Interstate System and Interstate substitute projects are proposed for fiscal years 1992–1995.

All States, except Massachusetts, will receive yearly Interstate construction apportionments based on each State's proportionate share of the remaining needs in the 1991 Interstate Cost Estimate (ICE) excluding Massachusetts' cost to complete. Massachusetts will receive a specified yearly allocation of Interstate construction funds also based on the 1991 ICE that approximates its projected construction schedule.

The Urban and Rural Program is a program of flexibility and minimal Federal requirements. It allows State and local governments to target funds to address metropolitan and rural transportation issues more effectively, including transit capital projects.

This program will replace that part of the current primary program for routes that are not designated as NHS routes, the urban and secondary programs, and several other categorical programs.

Any public road will be eligible except for roads on the NHS functionally classified as rural minor collector or as local. This will include roads and bridges on the current secondary and urban systems, and portions of other principal arterials and minor arterials on the primary system.

In addition to transit capital costs, eligible activities will include construction; capital projects to improve access and coordination between intercity and rural bus service; highway operational improvements and start-up costs; and hazard elimination and rail-highway crossing projects on roads functionally classified as rural minor collector or as local.

The Bridge Program focuses on deficient and obsolete bridges through continuation of dedicated special Federal-aid funds to assist the States in rehabilitating or replacing bridges.

The proposed Bridge Program includes an apportioned program that will apply to bridges on any public road with percentage requirements for roads functionally classified as rural minor collector or local with eligibility expanded to include certain safety related deficiencies (e.g., seismic retrofit) on bridges, provided deficiencies have been identified as high priority by the Secretary. We also are examining a revised apportionment process based on level of service.

The Bridge Program also has a major bridge discretionary program that will apply to high cost bridges on roads not functionally classified as rural minor collector or local. Minimum cost thresholds for bridges on the NHS are $10 million and for bridges off the NHS are $5 million.

The proposed STAA emphasizes research and technology to expand activities in cooperation with the private sector to advance U.S. technology leadership to support a productive, safe, 21st century highway system.

Our proposal builds on the Federal/State investment partnership. It also provides new Federal financing opportunities, and strongly encourages private sector involvement. The bill provides the flexibility to attract more funds from the private sector—making possible a range of new public/private partnerships to build toll roads, bridges, tunnels, as well as bus lanes, new transit facilities, or perhaps even to encourage magnetically levitated trains and high-speed rail facilities by accommodating them within highway right-of-way if that can be done without impairing highway operations. Public/private partnerships can engage the entrepreneurial energies of the private sector.

Local training and technical assistance will continue to be provided to rural areas (currently provided through the Rural Transportation Assistance Program) and will be expanded to provide improved access to highway technology for urban transportation agencies.

Other programs or provisions of interest include high-speed ground transportation (HSGT) support. Multi-modal intercity corridor studies will be eligible for highway planning funds; highway right-of-way may be used without charge by private HSGT entities with State approval; and highway adjustments to accommodate high-speed rail and maglev will be an eligible use of NHP funds subject to safety, operational and environmental considerations.

The Emergency Relief program is continued with minor modifications.

The Federal Lands Highway Program categories of park roads and parkways, forest highways, and Indian reservation roads will be continued. The current public lands highway category will be discontinued.

In the first year of a restructured Federal-aid highway program, the requested obligations of $16.272 billion in fiscal year 1992 with an obligation limitation of $15.722 billion, provide a 3.8 percent increase over the level enacted for fiscal year 1991. Over the 5-year reauthorization period, the annual obligations would rise to $20.1 billion in fiscal year 1996. Indeed, over the 5 years of this proposal, obligations would increase by 27.5 percent over obligations during the previous 5-year period.

The budget does not propose any change in the current Highway Trust Fund tax rates or structure except to let rates return in fiscal year 1996 to those in effect prior to December 1, 1990. In recognition of these new directions for the highway program, FHWA as an organization is preparing to be a world leader in the development and transfer of technology. Recent events have demonstrated the key role that technology plays in our world today. Likewise, this new program will require changes in our working relationship with the States. Our proposal gives the States more flexibility and FHWA the opportunity to provide leadership in research, the environment, safety and systems applications, and our relationships in the international community. This global involvement is essential to maintaining a transportation system that helps to ensure our economic competitiveness. We are developing a new vision for the future of the highway program and our budget proposals are geared to this new vision.

KEY ELEMENTS OF THE FISCAL YEAR 1992 BUDGET

The fiscal year 1992 Federal Highway Administration budget contains funding requests in five program areas: Federal-Aid Highways which includes the Federal Lands Highway Program, Motor Carrier Safety, Motor Carrier Safety Grants, Highway Related Safety Grants and University Transportation Centers. Our proposal includes budget authority of $15.979 billion, obligations of $16.456 billion and outlays totaling $15.248 billion.

I would now like to take this opportunity to review each of our programs:

FEDERAL-AID HIGHWAYS

This trust funded program constitutes the largest segment (99 percent) of our budget with a proposed obligation limitation of $15.722 billion for fiscal year 1992. This limitation excludes an estimated $550 million of obligations for the two programs we propose for exemption: Emergency Relief and obligation of a portion of Minimum Allocation carryover. Along with the aforementioned program level, we request a $14.9 billion liquidating cash appropriation for fiscal year 1992 which is required to assure sufficient cash to reimburse the States for this program.

GENERAL OPERATING EXPENSES

With the exception of Motor Carrier Safety and Federal Lands Highway activities, the General Operating Expenses account includes funding resources for essentially all of the Federal Highway Administration's administrative expenses such as salaries and benefits, travel, equipment, etc., and research and technology.

Obligations for this account are included within the obligation limitation proposed for the Federal-aid Highway account with $352.024 million requested for fiscal year 1992, about $95.6 million over the limitation enacted for fiscal year 1991.

Our request includes a significantly expanded research and technology program which will ensure FHWA's leadership role in highway research activities and in the application of advanced technology to our transportation needs; to this end we are proposing a $103.970 million research and technology program. This requested level represents a major increase over the fiscal year 1991 level of $49.361 million. A large part of this increase is due to FHWA assuming the financing of the Strategic Highway Research Program (SHRP) Long Term Pavement Performance (LTPP) program for $10 million, and a 150 percent increase for the Intelligent Vehicle/Highway Systems (IVHS) program to a $50 million level. Other major increases are for Highway Research, Development and Technology, a 10 percent increase to $27 million, and for Technology Assessment and Deployment, $10 million. Fiscal year 1992 is the initial year for funding a Right-of-Way and Environment program and includes a much expanded Policy and Planning program. Our policy research will focus on: (1) strategic analyses associated with implementing the National Transportation Policy; (2) highway information data; (3) highway investment and economic productivity analyses; (4) highway performance monitoring; and (5) truck size and weight and highway cost allocation. Our planning research will focus on: (1) land use-travel interaction; (2) economic development analysis and financial planning; (3) improving national planning tools and methodology, and (4) applications of advanced computer technology in transportation planning.

We are also requesting $2.0 million to continue and expand efforts to prevent highway tax evasion. The funds requested will further the work of the Joint Federal/State Motor Fuel Tax Compliance Project which will have staged implementation throughout the country by 1995. The gasoline tax information management system wall also be developed.

An additional $15.4 million in no-year funds is requested for Minority Business Enterprise ($8.0 million); Multi-Modal Studies ($7.0 million); and International Transportation ($400 thousand).

Annual funds for fiscal year 1992 total $230.654 million which is $41.540 million more than the amount available during fiscal year 1991. The most significant items in this increase include: (1) $14.787 million for office space rental payments to the General Services Administration, funds for which were appropriated to the Office of the Secretary in fiscal year 1991; (2) $5.018 million to cover costs associated with the January 1992 pay raises; (3) $1.848 million for inflation; (4) $3.974 million in mandatory salary and benefits costs; (5) $3.264 million for costs associated with an additional 88 positions and 44 full-time equivalent workyears; and (6) $12.649 million for miscellaneous other objects of expense.

We are requesting an additional 88 full-time permanent positions for our General Operating Expenses account together with 44 full-time equivalent workyears (FTE's). These additional positions and FTE's will be utilized in the following functional areas:

Highway Research, Development and Technology Deployment.—We are requesting 53 positions and 26 FTE's which are required to manage an expanded research program included in this budget together with appropriate staff to deploy new and innovative technology to the highway community.

IVHS/Congestion.—We are requesting 20 positions and 10 FTE's required for adequate management of the technology application activities; management of contracts to conduct operational tests of highly sophisticated technologies; and to enhance our capability as recognized national and international experts for providing technical assistance.

Safety and System Management.—We are requesting 10 positions and 5 FTE's to implement the uniformity provisions of the National Transportation Policy related to safety as well as to establish and maintain highway performance information and safety and bridge management systems.

Environment Programs.—We are requesting 5 positions and 3 FTE's to handle the expanded environmental program included in our proposed legislation as well as meeting the provisions of the Clean Air Act.

MOTOR CARRIER SAFETY

Under this program, FHWA establishes and enforces minimum Federal standards for operating Commercial Motor Vehicles in interstate and foreign commerce. A $49.317 million appropriation is requested for this program in fiscal year 1992 which represents a $9.317 million increase over the amount appropriated for fiscal year 1991. Beginning with fiscal year 1992, our reauthorization proposal would finance this safety program from the Highway Trust Fund.

Full-time permanent positions total 676 which is 43 over the 633 approved for fiscal year 1991; all of which are required to implement the Hazardous Materials and Sanitary Foods Acts of 1990.

Annual funds requested for fiscal year 1992 total $45.738 million which is $7.520 million over the amount available in fiscal year 1991. No-year funds for contract research in the amount of $3.579 million is requested for fiscal year 1992 which is $1.797 million more than fiscal year 1991.

MOTOR CARRIER SAFETY GRANTS

The Motor Carrier Safety Assistance Program was established under the Surface Transportation Assistance Act of 1982. Under this program, FHWA awards grants and technical assistance to the States to conduct roadside inspections of commercial vehicles and their drivers.

For fiscal year 1992, a $60 million limitation on obligations is proposed for the two program areas authorized, Basic Grants to States and the Commercial Driver's License program. A $60 million authorization level is also included in our legislative proposal for fiscal year 1992.

The long range budget authority and obligation limitations for this program include $80 million for fiscal year 1993 and $100 million for each of the fiscal years 1994 through 1996.

To meet cash payments from new and prior obligations, a $62 million liquidating cash appropriation is requested.

HIGHWAY RELATED SAFETY GRANTS

The Highway Related Safety Grants program provides funds to States for programs designed to improve highway safety at the State and local level. For fiscal year 1992, FHWA is proposing a $35 million obligation limitation of which $25 million will be used to provide bonus funds for States that accelerate the implementation of safety activities which may have a substantial effect on reducing traffic crashes or their severity. The Bonus Program will be jointly administered with the National Highway Traffic Safety Administration.

A liquidating cash appropriation in the amount of $20 million is requested for fiscal year 1992.

UNIVERSITY TRANSPORTATION CENTERS

This program was authorized under the Surface Transportation Assistance Act of 1987 which called for the establishment of academic transportation centers in each of the ten Federal regions. These centers are to become a focal point and attraction of the region's best talent, resources and facilities for promoting individual initiatives in and across transportation modes and disciplines. In fiscal year 1992 FHWA is requesting $7 million for this program which will allow expansion to add two of three new centers we propose to establish in fiscal year 1992. Funding for a third new center is in the UMTA budget.

RIGHT-OF-WAY REVOLVING FUND

The program objective of the Right-of-Way Revolving fund is to allow States to acquire highway rights of way significantly in advance of construction by providing loans to States. Unlike previous years, we are not recommending an obligation limitation for this program in fiscal year 1992.

CONCLUSION

In conclusion, we have proposed a budget which sets a new course for this Nation's transportation systems and complements the President's National Transportation Policy.

Once again, thank you for this opportunity to testify today on our fiscal year 1992 budget request program. I would be pleased to address any questions you may have.

ADEQUACY OF NATIONAL HIGHWAY SYSTEM MILEAGE CAP

Senator LAUTENBERG. You heard from Chairman Byrd his concerns about the mileage contemplated for the highway system. And we, too, share a common view on that issue. You heard Senator Byrd's comments about how difficult it might be for us to meet our needs. You said United States and each of us, having our special requirements that all tie into an infrastructure that permits this country to function as it should.

Is it true that in essence this 150,000 miles cap includes all interstate mileage, less than 50 percent of the primary road system, but only 4 percent of the urban road mileage and 2 to 3 percent of the rural road mileage? Do I state the facts correctly?

Dr. LARSON. Approximately 6 percent of the urban mileage would be included in the 150,000 miles, and that has not been designated to this time, Senator. That is a more difficult, time-consuming task. And so the information that we have distributed—the first-cut, preliminary draft representations have not included the urbanized areas.

Senator LAUTENBERG. So there—and on the rural road mileage?

Dr. LARSON. Those are approximately the numbers, yes, sir.

Senator LAUTENBERG. Three percent. So there is very little mileage included in your proposal, again, once removing the urban road question from it.

Dr. LARSON. The urban mileage would be approximately 45,000 of the 150,000, the rural portion about 105,000.

If I could expand on that just a moment, Senator—this is something that I feel very, very strongly about. I think it is close to the centerpiece of the administration proposal. It takes us beyond the interstate era. It allows us to—working with the States and the metropolitan areas—to identify roads of significance almost 40 years since the Interstate System was designated. The Interstate System dates back to 1944 in terms of concept, so we have almost one-half of a century of growth and change in this country.

This 150,000 miles, while it is small in total—it is 4 percent of the total highway mileage—it is estimated that it would carry some 75 percent of all commercial traffic, 80 percent of all tourist traffic, and 40 percent of all traffic. So while it is small in mileage, it is in fact the core system and would have enormous impacts on the future of this country as we see it developing.

NEED TO INCREASE NATIONAL HIGHWAY SYSTEM MILEAGE CAP

Senator **LAUTENBERG**. Well, you have heard the criticisms of that limit, and when we look at the statements of the American Association of State Highway Transportation Officials, they believe that the least we need is 180,000 miles. The National Governors Association believes that we need at least 200,000 miles to meet our needs. So is there any way that you might rethink your position on this limitation?

TEN-PERCENT DISCRETIONARY PROVISION

Dr. **LARSON**. Two observations—No. 1, that the bill provides for, as I mentioned earlier, a 10-percent discretionary provision and it provides for 2 years before the system is closed as a system. And so my sense is that it is going to require a very intensive national debate, as did the Interstate System and as did the primary system before that. I have read the history of those systems and those histories are replete with the very serious debates that went on as these were forged from all the desires of all the parts of the country. So my sense is that there will be a period of intense discussion as we will vote.

Senator **LAUTENBERG**. I think you are right about that, Dr. Larson.

Dr. **LARSON**. Beginning today.

Senator **LAUTENBERG**. Oh, this is just a warmup. We are not even out of the bullpen yet.

Well, if Congress were to increase the cap during its consideration of the highway reauthorization, what criteria or factors would you suggest be kept in mind?

Dr. **LARSON**. I would think that the criteria I listed that have led us to the system we are now proposing, that has, in fact, been discussed with all the States in considerable detail, those factors would certainly be important. And there may be new ones. As one example, in our discussion with the State of Utah, we learned that for that State, access to major national parks was certainly a matter of high concern. And so we did, in fact, add that consideration.

But I would also suggest that it is not possible to have an unlimited amount of mileage that still has national character. We believe that 150,000 miles does allow us to capture, as I said, 75 percent of all of the commercial traffic, 80 percent of the tourism. And we think that is the——

Senator **LAUTENBERG**. You said 40 percent of all——

Dr. **LARSON**. Yes, sir; 40 percent of all traffic.

Senator **LAUTENBERG**. Those numbers are impressive but still leave a significant gap. We still have the congestion problem. We still have the air quality problems and one way to solve those is to make sure that we have a highway system that is up to the requirements of the country. And with the projections that we have seen about growth in traffic, it is not very comforting, as you might guess, to see that we may be limiting our ability to deal with these problems, especially as it further assesses the States' larger shares.

Chairman **BYRD**. Mr. Chairman, would you yield for a question?

Senator **LAUTENBERG**. Indeed.

Chairman Byrd. Dr. Larson commented on the comments of the State of Iowa. Would you, Dr. Larson, mind commenting on what the reaction was, of the State of West Virginia, to this proposal and whether or not the State highway administrator there indicated that this kind of a limit would seriously curtail West Virginia with respect to meeting its needs?

Dr. Larson. I cannot, sir, give you a verbatim account of the dialog. We are at about 1,500 miles for West Virginia, and we have said to West Virginia that we will continue the dialog. And we will continue to explore, and certainly your input today will be taken into account as we go forward with that dialog. With each of the States we have had preliminary dialog. We have committed that we will continue the discussion, and that is what we will certainly do for West Virginia, having this input, sir.

Chairman Byrd. Thank you. Thank you, Mr. Chairman.

CROSS-USE OF HIGHWAY AND MASS TRANSIT FUNDS

Senator Lautenberg. My pleasure.

The administration has proposed in the highway and mass transit reauthorization legislation to permit highway funds to be used for mass transit purposes, and mass transit funds to be used for highway purposes—a cross-use of these funds. The entire urban-rural program and 15 percent of the national highway program funds would be eligible for transit, and virtually all mass transit funds would be eligible for highways.

On the basis of the administration's proposed highway and mass transit funding levels, as much as $5.8 billion annually in highway funds and about $3.3 billion annually in transit funds would be eligible for transfers. What overall investment policy has been developed by the Department—by the Federal Highway Administration and the Urban Mass Transportation Administration—to assure that the transferred highway and mass transit funds are being put to their most efficient and effective use?

Dr. Larson. Senator, that is a question that I am not able to answer with the kind of definitiveness that I wish I could. But I can offer some observations around it. First of all, we have had the ability to make transfers under the existing legislation. Some of them have been successful. The so-called interstate transfer program has been quite successful, and States have used that to move large amounts of money between highways and transit. And New York and New Jersey—my own State of Pennsylvania—have used this extensively.

The other provisions that have permitted transfer have been little used. And we do not know all the reasons for that. And so the proposal that we have advanced does allow, with some constraints that we think are important, some transfers. It does allow for the kinds of numbers that you mentioned to be moved one direction or the other.

The constraints that we think are important are that for cities under 200,000 that there has to be a gubernatorial declaration that there are not unmet transit needs. And in the metropolitan planning process that we have tried very hard to strengthen in this legislation, we have said that the participants in the process, the MPO process, have to come to an agreement on how the funds are going to be spent both in transit and highways. So we think that there is the ability now on a level playing field, as nearly as we can craft it, both on the planning side and on the funding side, to facilitate that transfer. But how New York or New Jersey or California or Florida or other States will choose to use these provisions we do not really know. Only experience will tell us that. And we do not have anything in our history, other than the interstate transfer program, that really sends strong signals.

One observation that I would make that bears on this, we have heard some comments to the effect that this program does not recognize the transit needs adequately. And I would observe there that, as nearly as we can tell, the annual capital needs for transit are on the order of $3.5 billion. The annual recapitalization of the highway system we estimate to be on the order of $35 billion. And so we think that our program is relatively matched to those very large needs that are out there. We have tried to allow local governments, States, and MPO's to have a much heavier hand in making these decisions as to how this is going to play out, sir.

Senator **LAUTENBERG**. In States like mine and Senator D'Amato's, where the transit needs are so extreme, isn't it possible that we may see a shift in funds away from highway development, which would then challenge the network completion that we talked about? And while we see that as an opportunity, it also presents a possibility of some problems.

What changes would be necessary in the FHWA/UMTA project selection criteria to facilitate comparisons between highway and mass transit projects? Does the process you outlined go to the Governors or local authorities to determine that? What is going to be FHWA's view on this? What are you going to do to insert your views?

IMPACT OF CLEAN AIR REQUIREMENTS

Dr. **LARSON**. Perhaps the most immediate issue may come from the almost impossible tradeoffs between breathing and moving. In a number of States—New Jersey is certainly among these and California, New York—the potential for conflict between construction of any kind, particularly highway construction and the requirements of clean air, may well dictate what the future holds in terms of our transportation program. We have tried to put in the legislation a very clear linkage between meeting clean air and transportation requirements. We have injected ourselves into the process and given very real strength to the local planning process to make decisions.

The Federal Highway position would be that we are the champions of mobility. But we clearly recognize that we are the folks that consume oil and produce emissions. And so we are trying to play a responsible role in letting the locals make critical decisions.

One thing that we have done in this legislation is propose that HOV lanes—high-occupancy vehicle lanes—would qualify for the highest match in the proposed legislation—90 percent. So that New York, New Jersey, California, Texas, other urban growth States—Florida—would in fact have the opportunity to make decisions to improve the productivity of the system.

One of the things that I think needs to be said, and certainly Senator Moynihan has said it recently, is that using the existing system better has to be a very high priority. And we have tried to craft that into this bill.

INTELLIGENT VEHICLE-HIGHWAY SYSTEMS

Senator **LAUTENBERG**. Also, Senator Moynihan is very clear on his appraisal of the decisions that were made years ago to connect the various cities and the consequence of that.

So rolling back that one would be quite a task, but he is right. We have to maximize the use of the system. One of the ways I think that we can do it is with intelligent vehicle and highway systems, IVHS.

As you know, I am a strong supporter of these new technologies. Last year, $20 million was appropriated for development of these systems. Your 1992 request includes $50 million for the IVHS effort. It is a significant increase, but frankly, it is still less than I would have liked.

Can you tell us what you originally proposed to OMB for this program?

Dr. **LARSON**. We proposed $80 million, sir.

Senator **LAUTENBERG**. Better than $50 million, but not enough. But how did OMB respond in reducing your request?

Dr. **LARSON**. We had a very honest, and I think profitable dialog on this issue. We were anxious, knowing of the interest of many States, and certainly your interest, sir. We were anxious to advance this concept as rapidly as possible.

But as we went back to discuss the $80 million figure it became clear that we were, in fact, having to face a startup time, and not all of the States were as enthusiastic nor as ready to participate as perhaps New Jersey, and the initiative there, the multiple State initiative that we are working with.

So, in fact, we agreed that a $50 million figure and the startup of IVHS America would put the program on a strong growth track, and one that we will continue to push very aggressively in the future.

This was not something that I felt was a serious loss on our part. I think we came up with a number that is very strong, to advance what we think is the right timing for this program.

Senator **LAUTENBERG**. What specific projects or operational tests that were contained in your 1992 program were eliminated by OMB?

Dr. **LARSON**. I cannot answer that, sir. I will, if I may, give a written response to that, but the overall program is one that is balanced between research; the support of IVHS America which just got started; and a number of pilot programs in a number of States.

I will give you an accounting of that, if I may, sir, in writing.

Senator **LAUTENBERG**. Thank you. I will return to this after we hear next from my colleague, Senator D'Amato.

STATEMENT OF SENATOR KASTEN

Senator **D'AMATO**. Thank you, Mr. Chairman. Before I begin my questions, I would like to insert a statement in the record for my colleague from Wisconsin, Senator Kasten.

[The statement follows:]

STATEMENT OF SENATOR KASTEN

Mr. Chairman, I am pleased that we have before us Administrator Larson and our other witnesses from the Federal Highway Administration to discuss their 1992 budget. The presentation today assumes enactment of the Administration's proposed Surface Transportation Assistance Act [STAA] dealing with this country's highway and transit programs over the next five years.

Wisconsin ranks 46th in the receipt of highway funds. This proves that we need to get a better return. Other states with poor showings in this area are Michigan, Illinois and Indiana.

Today I want to reiterate to the policy makers before us the need to return more of the monies collected from each state to the programs in that state. Wisconsin has been a donor state for years. While in the last bill we were able to obtain a provision for a guaranteed minimum allocation of 85 percent, because of program formulas we still only saw a return of 79 percent of Wisconsin's contribution go back to Wisconsin.

Last year I supported Senator Bentsen's efforts to increase the minimum allocation to 90 percent for the monies resulting from the increased gas tax. While I opposed the increase of that gas tax, it ought to at least be returning to the states that are paying it.

The major new development addressed in the new highway bill is the virtual completion of our Interstate system of highways. For Wisconsin, that completion has been a reality for several years. We are already in the mode of applying our minimum Interstate apportionment to the task of maintaining existing infrastructure, not building new highways.

Therefore Wisconsin favors the concept of a national highway system encompassing the current Interstate system and other significant rural and urban roads. With a fine system of non-Interstate highways, and greater state discretion, Wisconsin could come out ahead under the type of system proposed by the Administration.

I will be fighting in the Senate to adopt an expanded National Highway System similar to that proposed by the Administration and various state transportation officials. Unfortunately it does not look like the Senate is as inclined to adopt this approach as the House is.

I am pleased that Wisconsin, with FHWA cooperation, had included on the illustrative map of such a National Highway System all of the roads that the State of Wisconsin felt should be included. I also appreciate your working with us on the outstanding request regarding the transferability of $13 million in Interstate funds to I4R and hope to have a favorable determination soon.

I strongly disagree with the Administration's approach to our nation's bridge program. The current program has several critical flaws. It does not recognize rehabilitation as an option. It gives more money to states with greater "needs" which rewards states that are slow to address bridge problems. It rewards poor maintenance practices by funding replacements and discourages state initiative because if they fix bridges with their own money, their "needs" decrease, and they lose federal money.

Wisconsin has had an aggressive state-funded bridge program since the late 1970's. Our share of the bridge funding has dropped from 2.2 percent of bridge funds 5 years ago, to 1.7 percent recently. Under the Administration's proposal we may fall below 1 percent of the bridge funds available going to Wisconsin. In an era of looking to the states for increased responsibility and flexibility, it seems ludicrous to reward states that have not taken the aggressive stance that Wisconsin has in maintaining their bridge infrastructure. And Wisconsin definitely shouldn't be punished for acting responsibly.

I look forward to working with the Federal Highway Administration on addressing the needs of states such as Wisconsin within the context of the new federal highway bill. We are pleased with the almost $300 million available to Wisconsin resulting from the revision of the Interstate Cost Estimate concerning the East-West Transitway in Milwaukee. This will permit state and local governments to address the serious mobility problems in the I 94 East-West corridor that will otherwise continue to deteriorate.

We must assure that the flexibility that the Administration's proposal provides in so many areas is afforded to these funds. Southeastern Wisconsin is developing a comprehensive series of highway and transit projects that should benefit from the inclusion of these funds in the state's Interstate Cost Estimate.

Mr. Chairman, I look forward to working with this Committee and the Administration on these issues of importance to not only Wisconsin, but the nation as well.

USE OF TRANSIT FUNDS FOR HIGHWAY PROJECTS

Senator D'AMATO. Mr. Chairman, I am just going to touch on one area which I raised initially with the Administrator, and that is the administration's reauthorization proposal which would enable all transit funds to be used for highway projects, if the various certifications that you have alluded to are met.

However, the same flexibility is not given as it relates to the transfer of highway funds in urban areas to the use of mass transit projects.

USE OF HIGHWAY FUNDS FOR TRANSIT IN URBAN AREAS

Now I understand flexibility, and I think it is good. Why then this bias in terms of restricting the flexibility of let us say the city of New York or Newark or Jersey City, which may determine, for example, in conjunction with their local mayor or county legislative group and Governor, that there may be a need for an infusion of these highway dollars for a particular project, into a transit project, and indeed that the need may go beyond the 15 percent.

Dr. LARSON. Again, I do not know that there is any experience on which we could craft a perfect number, Senator.

Let me say simply that the provision is for the urban/rural program, and by the way, although that starts out at a relatively lower level than the national system, it grows at a much more rapid rate.

It grows at a rate over the period of about 60-plus percent. So that amount is available, plus 15 percent of the national system which is the larger part of the highway program, some $10.5 billion on average.

ABILITY OF TRANSIT SYSTEMS TO USE TRANSFER FUNDS

So in total, and I have discussed this with my counterpart, Mr. Clymer, if the full transfers were to be exercised, it would, in fact, provide an infusion of money that may well be more than the transit systems could absorb in the timeframe provided.

There are very substantial entitlements for both highways and transit remaining for the State of New York, some $750 million. So we have looked at the States and find that there is a buildup period.

And it is important to note, I think, that in 1990, the highway program was at about $12 billion, 12-plus. In 1992, we will be at a total obligations, including all parts of the program, of approximately $17 billion, and that goes up to more than $20 billion in 1996.

So the growth curve here is very positive and there is the absorption problem that we think has to be recognized.

Senator D'AMATO. Mr. McCormick.

Mr. MCCORMICK. Could I add one further point? It relates back to the earlier conversation on the National Highway System. There is no alternative to a national highway system, and about one-half of the administration's proposed bill is, of course, dedicated to that concept.

So I think as we think about transferability and flexibility between the highway and transit program, we also must keep that in mind.

FIFTEEN PERCENT CAP ON HIGHWAY FUNDS FOR MASS TRANSIT

Senator D'AMATO. Well, I find it very difficult to understand how we can arrive at an arbitrary number of 15 percent.

I have already said it is arbitrary. Do you have anything to indicate to me that the use of the word arbitrary would be out of line, and that indeed, my characterization of it as arbitrary is incorrect?

Dr. LARSON. I would, if I may, Senator, choose a slightly different word, and say that we do not have a hard basis for making that decision. We have come up with a number that we believe represents, if it were used fully, an amount that would, in fact, be a very aggressive approach to the transit problem.

Senator D'AMATO. Recognizing that there are areas in the country where this would be absolutely inapplicable, let me suggest to you that for those areas, this 15 percent, certainly does not represent the limitation.

I would suggest to you that if you were to look at some of the high-density areas in which 15 percent would be viewed as a severe limitation of the flexibility, that you could craft a proposal that would recognize a national highway fund as it relates to the urban centers.

So it seems to me that we ought to look for a formula that recognizes that.

MORE FLEXIBILITY IN URBAN AREAS TO FUND TRANSIT

Dr. LARSON. Senator, it may well be that the answer might lie in piloting various kinds of flexibility. The one thing that I am very much aware of is the vast differences that we have in this country between the expectations and needs of the States.

Tom Downs, Senator Lautenberg, commented just before lunch on the fact that it may well be that we are going to have to find ways to recognize these special needs for flexibility.

That was, in fact, one of the outcomes of the last reauthorization. The toll road concept was piloted in a number of States, and now it is being advanced as a proposal.

And it may be that there are other kinds of pilot efforts that need to be undertaken, and we would be responsive to working with the Congress on such efforts.

Senator D'AMATO. I would certainly hope that you will maintain the kind of flexibility that I think your testimony has demonstrated; that we are in cement in this. Because I would like to see us articulate more clearly when we arrive at a number, if indeed we should arrive at a number, how we get there.

So that indeed, in the future, whether it is New York or New Jersey or our friends in Philadelphia or Chicago, and obviously the State capitols, that they not be impinged upon unnecessarily.

And I would hope that we would be able to do that and that your good offices and staff would be available to assist us in that undertaking.

Dr. LARSON. Yes, sir.

Senator D'AMATO. Good talking to you.

Senator LAUTENBERG. Point well made, Senator D'Amato.

I am going to, because of a bit of a scheduling problem here, ask if you can bear with us for about 10 minutes. We will just adjourn the hearing for these few minutes, because I want to come back to several subjects, Dr. Larson, that we have started to discuss and a few that remain besides that.

So with apologies, we will adjourn for about 10 minutes, and we will be right back.

[A brief recess was taken.]

Senator LAUTENBERG. My apologies again. We thank you for staying with us, Dr. Larson, and your team.

We are pleased at this moment to welcome a distinguished colleague, the ranking member of the Appropriations Committee, who this year decided to join the Transportation Subcommittee because he knew this was where all the opportunities were to make things right by the American people.

Senator Hatfield, everybody knows who you are. I want to just make sure that it is proper and invite you to make either any comments or ask any questions that you have at this point.

STATEMENT OF SENATOR HATFIELD

Senator HATFIELD. Thank you, Mr. Chairman.

I plan to stay with you awhile, and I want to fit into your schedule. At this time, I do have a couple of parochial questions.

Senator LAUTENBERG. We all have those, I can tell you.

Senator HATFIELD. All right. It is a real pleasure to join this subcommittee, and particularly to work more closely with my good friend, Senator Lautenberg from New Jersey.

Dr. Larson, I do want to raise two brief points and then I would submit my other questions for the record.

I–5 SANTIAM RIVER BRIDGE

You are familiar with the appropriations action taken last year in this subcommittee, in putting a high priority on a bridge at Jefferson, OR, which is on I–5, the major interstate from Mexico to Canada. As you know, I–5 has very heavy traffic, and the conditions of the bridge we designated has deteriorated so far that the State now has to divert much of the traffic, especially the heavy truck traffic because of its danger.

In fact, on your deficiency rating system you have now moved it from No. 7 down to 5, indicating that it is becoming increasingly more dangerous.

When we took that action last year, of course, it was expected that when the time came to fund that project, with all other compliance behind, that that project would be funded. But lo and behold, it was not funded.

SAFETY AND ENVIRONMENTAL ISSUES ON SANTIAM BRIDGE

The danger factor in this was in itself a very significant motivation for the Oregon Highway Department to make some fund changes in other accounts in order to start this bridge.

Second, you have been reading about the endangered species as it relates to the wild salmon runs of the Columbia River. This has added another great new factor, so to speak, in the timeframe in which you can do your in-water work, because the Santiam is also such a river that accommodates some of the salmon runs.

The Oregon Department of Fish and Game indicated to the Oregon Department of Highways that they would have to begin their in-water work for the replacement of this bridge in June, and there was only a narrow window of opportunity beginning in June and then taking the required length of time straight through to completion.

Those are all complicating factors and the bottom line, I am getting at is of course, we are going to have to try to reimburse some of those other funds from which these transfers were made in order to undertake this project in the required timeframe, and in the window in which they have to operate.

I am going to ask the committee to help us in that area, and I merely wanted to make it clear for the record on that, to get either the question, why did we not get the funding under I–4R discretionary funds, or will you be helpful in trying to see how we can reimburse some of these other funds to make up for those transfers?

FUNDING ISSUES ON SANTIAM BRIDGE

Dr. LARSON. Senator Hatfield, the Santiam River bridge illustrates, I think, the infrastructure problem in this country, in a very particular way, both in terms of the environmental sensitivities and the traffic, commercial traffic sensitivities.

I would like Mr. Carlson, our Executive Director, to provide just a few of the details on this case, if we may, sir.

Mr. CARLSON. The Department asked that we fund it with discretionary 4R money, and one of our criteria has been that if we are going to be asked to fund a bridge or any other project with discretionary 4R money, that the State should not have an unobligated balance of 4R money. Unless the State has their I–4R balance down to where there is not enough money to fund the bridge, then they can use their apportioned I–4R money that they have on the books.

And that is the reason that we did not approve that bridge for Interstate 4R discretionary funding. It was well known that it was in deteriorated condition.

Senator HATFIELD. Well, Mr. Chairman, I will not pursue that at this point because I do have some followup questions that will bring clarification. I am not asking the Federal agency in any way to accommodate any State failures or any State noncompliance in I–4R regulations we have set. And I am not asking for exemption.

I have been led to believe that, by our own agencies at the State level, that everything seemed to be in order at the time the application was made, it was not approved and out of desperation a second application was filed.

Mr. CARLSON. I am not familiar with the application, sir.

OREGON WEIGHT-DISTANCE TAX

Senator **HATFIELD.** Well, let us have staff work out those details, except to say that I think the fundamental point I wanted to make is we are moving on the safety factor, and in addition, an environmental factor that forces our hand because already we are diverting traffic by the factors that you have measured relating to safety and deficiencies. And this committee had indicated a high priority on that project.

The second point I would like to refer to is, Mr. Chairman, we have done a lot of experimenting out in our State with various and sundry propositions, environmental and many others. And one of the other things that we have sort of blazed a trail on is what we call a weight distance tax that we have applied to help in recouping user costs relating to the highways.

We have now found about 41 percent of our total highway tax accounts have been established and have been acquired through this system, and I think we have had it in play for a goodly number of years to prove its worth.

As I read the language in the proposed reauthorization act, the proposals in that act would preempt the State's law, and in a sense, void or challenge the continuation of the State weight-distance tax that the Oregon Legislature has enacted.

Would you care to comment or would you prefer to provide something for the record?

Dr. **LARSON.** We can do both, but let me say that I am fully familiar with the Oregon experience with the weight-distance tax. Mr. Fred Miller, director there some years ago when I was in Pennsylvania, and I were in close communication and contact, and it, to me, represents a very rational approach.

We do not see a preemption action in our legislation, and we can expand on it here or we can give you more detail in writing. But we do not see a preemption action.

Senator **HATFIELD.** You do not see a conflict there in the reauthorization act as far as the State's ability to continue this type of tax?

Dr. **LARSON.** We do not.

Mr. **MCCORMICK.** Not only, if I may add, not only in the context of that particular type of user fee at the State level, but certainly our entire bill is based on the premise that States must have flexibility in terms of any user fees on transportation systems. So certainly, that is not the intent.

Dr. **LARSON.** The country certainly owes Oregon a considerable debt for inventing the gas tax back in 1919, something that has really been the chief engine behind the highway program ever since.

Senator **HATFIELD.** Yes; did you ever know Mr. Baldock?

Dr. **LARSON.** No, sir.

Senator **HATFIELD.** We have sainted him in the last year I think it was, and I am sure that you know his name.

Dr. **LARSON.** I do know his name.

Senator **HATFIELD.** Chairman Lautenberg, thank you very much for permitting me to ask these questions. Thank you, Doctor.

TRANSCOM PROJECT TO HELP REDUCE TRAFFIC CONGESTION

Senator LAUTENBERG. We are delighted to have you here, Senator Hatfield, with your interest. It is very helpful to get a focus on where we go from here.

Each of the States represented here has concerns that have to be dealt with, and one of the most discussed issues was the cap on the highway system of 150,000 miles which Chairman Byrd had a problem with, Chairman Lautenberg has a problem with, and I hope that the ex-chairman—past chairman of the Appropriations Committee—will have problems with.

Part of the appropriation for this fiscal year was earmarked for TRANSCOM, if you are familiar with that project, a joint effort of the transportation departments of the States of New Jersey and New York, covering a variety of traffic management activities.

Have the efforts of TRANSCOM been progressing? Anyone at the table, Dr. Larson, want to comment on that?

Dr. LARSON. Yes; they have been progressing, and this is one of the pilot type programs that we think will allow the country to make very considerable progress in this area.

As you know, there is a total of some $6 million available to this project, about $1.5 million are moving toward various improvements at a number of specific locations in the New York-New Jersey area, and there is a request for proposal out now for special services to give that project additional direction under the funding that is available.

And we expect the responses to be in in early summer, and the work to go forward from that point. So it is one of the pilot programs that we think is the way to go for this country as it moves into the IVHS area.

Senator LAUTENBERG. Your Department is available and willing to help them in the development of their programs?

Dr. LARSON. Absolutely, we are doing that now, and we will continue to do that.

STATES' PARTICIPATION IN THE IVHS PROGRAM

Senator LAUTENBERG. If States want to participate in the IVHS program, under your reauthorization proposal, can they use apportioned Federal funds from other categories for this program? If so, at what rate could they use these funds?

Dr. LARSON. They can and we would encourage this kind of activity, and on the national system, one of the things that we put a high priority on is better use of the system, the productivity I spoke of a few moments ago. And so the match ratio for those capacity enhancing activities is at 90 percent on the Interstate System.

Senator LAUTENBERG. What other incentives for State and locals that want to participate in an IVHS demonstration might be available?

Dr. LARSON. Well, one of the most immediate opportunities is through the addition of special pilot programs like TRANSCOM. I might say, sir, that I have been in Florida very recently. There is a major intersection in the north Miami area that has probably more potential than any single interchange I have seen for applying new technology and after my visit, we have agreed that we are going to work with Florida and with the Federal Highway Administration's regional administration people and see if we can develop a special application.

So when we hear of special needs, we are available with expertise and with limited money at this point, to go out and develop new projects.

1992–96 FUNDING FOR IVHS

Senator LAUTENBERG. Limited money is the bigger problem, as you very well know. How much do you think might be spent in the IVHS area over the next 4 years, over 1992–96 timeframe?

Dr. LARSON. We do not really have a good fix on that, Senator, but the IVHS America effort which we are funding, it is a jointly funded public-private partnership, the kind of enterprise that we think will give us the potential for lead here, they are embarked on a strategic planning effort and out of that will come a strategy for how the investment should proceed.

We do not have those numbers now, but we will in the near term, with this public-private enterprise that is now up and running. They had a major conference out in Reston just a few weeks ago with some 550 people there.

We think that that will give us the guidance that is needed, not the parochial guidance that you might get from Federal Highways, but rather a very broadly based understanding of where this might go.

So we are awaiting that outcome.

Senator LAUTENBERG. Because any successes there can affect three critical areas: Obviously, productivity; reduce congestion; and the clean air requirements, as well as producing energy savings of some great significance.

So it is, in my view, a very important project, and we ought to put adequate funding in there, because the payoff could be enormous.

Typical cost for a new automobile is somewhere around $9,000 to $20,000. If we wanted to put an interactive display in the vehicle and hazard warning systems, do you have any idea what might be added to the average price of an automobile 10 to 15 years hence?

JAPANESE EXPERIENCE WITH IVHS

Dr. LARSON. Sir, if I may, I am going to turn to Mr. McCormick. He just came back from Japan, and the focus of his visit was really to study the IVHS initiatives in Japan.

So perhaps Mr. McCormick could——

Senator LAUTENBERG. You did not buy a Japanese car while you were there?

Mr. McCORMICK. No; I did not, Senator. [Laughter.]

The Japanese, incidently, are installing navigation systems in their cars at the rate of about 6,000 cars per month. So there is a market in Japan for active, ontime navigation systems.

When I asked the cost question, I was told about $1,000 per unit today. As production increases, those costs will probably come down, but I did not get into any questions in terms of advanced warning systems or automatic braking systems, those sorts of systems at all.

Senator **Lautenberg**. Could you give me a quick summary of what their systems do?

Mr. **McCormick**. Their systems today? They have a very aggressive program in terms of monitoring the traffic that is on their expressway system today, and what they call expressways are the same as what we call freeways.

So they have a very active implemented program as far as driver messages on the system, so they can see in advance the condition of travel.

They do not have what I would call traffic management systems that provide drivers alternatives to avoid congestion and alleviate those sorts of problems.

So in some respects, they are somewhat ahead of us. Perhaps in other respects somewhat behind us, and I found the opportunity there to be a very learning experience.

INTELLIGENT VEHICLE APPLICATIONS

Dr. **Larson**. Senator, if I may add, a couple of points that go to your cost question. I have found that it is very useful to talk about intelligent vehicles, starting with something that is here now. On the average car there is a thing called cruise control and that car is clearly a more intelligent car than one that does not have cruise control.

Out in California there are very active experiments with a radar-driven device that provides for braking in a queue so that you can be driving in a queue of cars and if you get too close to the car ahead of you, a voice comes on and then next there is brake application.

I was told that that automatic braking which would be sort of the counterpart, if you will, of cruise control, would be commercially available in the $600 to $1,000 range.

PROMOTING PUBLIC INTEREST IN INTELLIGENT VEHICLE APPLICATIONS

Senator **Lautenberg**. Very interesting, the possibility of avoiding multiple collisions. In California, they count the cars involved by the tens, I think.

What do you think we can do to acquaint the public with these systems so that they might get behind it and convey their interest?

Dr. **Larson**. I think that the public may be ahead of us rather than trailing us in this regard. I have watched several decades of debate over the airbag deployment, and a lot of my friends have chosen to buy cars on the basis of either their having or not having an airbag.

It is not a question of what Federal regulations say. They now believe that it will help save their lives and so they are buying them.

And I think that the same thing applies in much of the other technology. Cruise control is perceived as a desirable feature on a car. This automatic braking, if I were buying a car, there would be no question in my mind that I would buy a car with that feature on it. So it may well be that the public is ahead of where we are in some of our practices.

Senator LAUTENBERG. They do not necessarily know the availability. When it comes to life saving, of course, everybody understands that very quickly. But part of our programming has to be to let the public know what might be available and why it is good for them.

Dr. LARSON. Yes.

STATE AND LOCAL PARTICIPATION IN IVHS

Senator LAUTENBERG. You know, people want to save time traveling, save fuel, et cetera, but, before they make an investment in their smart car, they have to understand that this a full commitment by the Government, and it is not going to be a stop and start effort, or all they will have done is spent more money.

To what extent are State and locals participating in the development of IVHS systems?

Dr. LARSON. We have pilot programs in a number of States. Certainly, the TRANSCOM experience is one. We have major experiments in Florida, Minnesota, California, Kentucky——

Senator LAUTENBERG. What kind of money have you put into these programs?

Dr. LARSON. The intent is that these be shared ventures. We are working to minimize our investment, trying to keep it 50 percent or below, not so much for the expenditure level, as for having ownership in these systems.

We see as perhaps the most serious obstacle, the institutional barriers. Can a community that might have trouble keeping the lights, the signals wired and running, can they, in fact, maintain and operate a much more complex system?

So we think there should be a lot of ownership. The successful projects are ones that involve the State transportation agency, the city, the police in quite a few cases and private industry, and then the Federal Government putting up, as I say, 50 percent or less is the target.

FEDERAL AND LOCAL FUNDING MATCH FOR IVHS IN OTHER COUNTRIES

Senator LAUTENBERG. How does that compare to other nations, Germany, Japan, et cetera, in terms of the funding share to ours?

Mr. MCCORMICK. It is a relatively similar arrangement in Japan, where it is an active partnership among various public agencies as well as the private sector.

Senator LAUTENBERG. But you say they are demanding less of the system in terms of their present planning than we are looking for in ours? You said they lack traffic management vision——

Mr. MCCORMICK. No; they do not lack the vision. They have the vision, they have lacked the implementation of the vision at this point.

IVHS COSTS

Senator LAUTENBERG. So is it fair to say that in some cases ours is further advanced. One of the TRANSCOM projects, as you know, is the Lincoln Tunnel going into New York collecting tolls electronically with our commuter bus system, and it works very well, to see these buses flying through there, having the tolls registered and collected instead of delaying traffic.

Do you have any idea what the estimated costs for the various components of the IVHS system are, and might the systems therefore, if the cost is too high, be used only by the commercial fleets?

Dr. LARSON. Some of the components may well find their first application in commercial fleets. We have the heavy vehicle program that involves the so-called crescent States, starting in Oregon. As a matter of fact, Oregon has been really near the point on this in technological leadership, and the intent is to try to simplify and make more productive the commercial carriage in this country.

It is crescent because it starts up there in Oregon and I guess goes down around Texas if I remember the States, and there the intent is to be able to provide surveillance of the vehicles in terms of weight, speed and the kind of documentation that would perhaps eliminate the border crossing kinds of activities that now are encountered.

So there are some parts of the system that will, very likely, be commercial first and then move into the fleet, but this braking device, certainly the cruise control, the ramp metering that is part of an intelligent highway, and some number of other features are going to be available for the streets and highways really.

So I think we are going to see a rapid period of expansion in this, sir.

LONGER COMBINATION VEHICLES [LCV]

Senator LAUTENBERG. Talking about the borders and some of the problems these divisions present, what is the Department's position on allowing all States to permit larger double and triple trucks on the interstates?

Dr. LARSON. The present law, which in part has its roots back in 1956 and I guess the next major root would be more recent, 1982, does require that doubles be approved for access on the Interstate System, and that has been a process that has moved forward, I think, with some success.

Triples are now permitted. There is nothing in the statutes that prohibit the States from running longer units. The limit is really on 80,000 pounds, and the grandfathering provision and present law dates back, as I said, to 1956. There is a subset of States that under the grandfathering provisions provided by the Congress do run heavier vehicles and other kinds of combinations.

So there is a body of law that sets up the structure that is here at the present time, but we do not—the law does not speak to the question of length. It speaks to the question of weight.

EQUITABLE USER TAX ON BIG TRUCKS

Senator LAUTENBERG. How about, the law may be clearer than the Department's policy. Is there a position on these longer, heavier vehicles?

Do they pay their fair share of the wear and tear on the roads?

Dr. LARSON. The question of equity in terms of commercial vehicles or the so-called cost allocation is perhaps addressed more specifically by Oregon than any other State that I am aware of, although some other countries do this quite specifically.

New Zealand has a process that is quite similar to what you have described for Oregon, sir. We continue to watch this, but the Department's position is that at the present time, and we stated so in our national policy, we say that until there is a change in sizes and weights, we believe that the cost allocation issue will not be further addressed at this time. We continue to study it.

Senator LAUTENBERG. At what point do you think the study might be over and you might have a policy opinion on this?

Dr. LARSON. If I were going to be facetious, I guess I would say, Senator, I hope it is after I am gone. But seriously, we are active in our research on this matter. We try to look carefully at the rail/truck competition issue. We try to understand the heavy versus lighter vehicles.

There is a body of knowledge that exists on this subject, and we continue to pursue that, but I could not give a target date, sir.

LCV SAFETY

Senator LAUTENBERG. How about the safety issue? Does the Department have a view on that with the larger trucks, the longer trucks?

Dr. LARSON. If I may, I am going to turn to Mr. Landis, who is our motor carrier expert.

Senator LAUTENBERG. Do you plan to be here, Mr. Landis——

Mr. LANDIS. I believe that the last thing that I am going to project at this point is whether I will be here when that is decided. [Laughter.]

The safety issue is certainly one that is being raised right now all over. The data that we have, for the most part supports the idea or the concept that those States that are now allowing the longer combination vehicles are finding them to be statistically safer.

There are a number of reasons for that. One of the most likely that we have found is that they have better drivers. They are operated under the best conditions. They are operated on the best roads. The list can go on as to what the reasons are.

Before we make a decision or policy change, as Dr. Larson indicated, the safety issue would have to be addressed. Right now, there is no compelling reason to change one way or the other in terms of the safety argument.

Senator LAUTENBERG. The Institute for Highway Safety tells us that the LCV's have a rate of 10 fatal accidents per 100 million miles traveled, compared to six for single trailer trucks and three for single units. Trucks have a fatality rate almost four times, well, we will leave out the rail issue here.

In New Jersey, my home State, truck crashes per mile are 69 percent higher than for passenger cars. There are, I assume, problems with curves and braking distances and things of that nature with these larger vehicles. Is that not the case?

Mr. LANDIS. Senator, there clearly are different geometrics involved in the larger vehicles that have to be addressed. There are arguments that triple trailers, for instance, have safer geometrics to them than do some of the other combinations that are being used on the road now.

BRAKE SYSTEMS ON BIG TRUCKS

Senator **Lautenberg**. How about braking?

Mr. **Landis**. Braking is clearly a question, certainly one that focuses on the compatibility of the individual units of a combination vehicle. Fortunately the industry is bringing on-line new technologies of automatic brake adjustment systems, antilock brake systems, and others.

SUBMITTED QUESTIONS

Senator **Lautenberg**. With that, we will request of you, Dr. Larson and your colleagues that questions that we submit in writing, we get as prompt a response as you can give us, as complete a response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

INTELLIGENT VEHICLE-HIGHWAY SYSTEMS (IVHS)

SENATOR LAUTENBERG: What specific IVHS projects and/or operational tests contained in your proposed 1992 program were reduced by OMB?

ANSWER: Specific projects were not identified in DOT's request to OMB. The original $80 million request was based on the recommendations of Mobility 2000, a public-private group formulated several years ago to foster progress in IVHS development. The request identified general technical and program support areas in which work would be conducted. OMB's response back to us was based on the dramatic rate of growth which the original $80 million request represented. As discussed earlier in the testimony, we agreed with OMB that $50 million for FY 1992 would enable us to maintain strong momentum in the IVHS program while not exceeding the capability of the transportation community to effectively utilize the increased funds. The Intelligent Vehicle Highway Society of America (IVHS America), the successor organization to Mobility 2000, and DOT will cooperatively develope a strategic plan for the national IVHS program. This plan should provide valuable guidance to DOT agencies and other participants as project planning and programming decisions are made for future years.

SENATOR LAUTENBERG: Part of this fiscal year's appropriation ($3 million of the $20 million) was earmarked for "TRANSCOM", which is a joint effort of the transportation departments of the States of New Jersey and New York, covering a variety of traffic management activities. What is FHWA doing to assist the advancement of this important project?

ANSWER: FHWA staff, both in Washington and in our field offices, are working closely with TRANSCOM to provide them with technical and administrative assistance in advancing their traffic management activities. One of the major components of the TRANSCOM IVHS program will be an operational test to evaluate the use of vehicles equipped with Automatic Vehicle Identification (AVI) transponders to monitor congestion and detect incidents in the New Jersey / Staten Island corridor. FHWA staff are providing TRANSCOM with technical assistance in preparing a request for proposals (RFP) for a contract for a consultant to prepare a system feasibility study / preliminary design for the operational test. Plans are to issue the RFP in early summer of this year, with an optional second phase to prepare the full system design and assist in the implementation of the project. Several FHWA representatives who have technical expertise in areas relevant to the project will serve on the TRANSCOM IVHS Steering Committee to provide assistance as needed.

The FHWA is also assisting TRANSCOM in acquiring information and expertise on emerging technologies which might be used to better manage traffic flow in the area. For example, our Regional Office in Albany is arranging a demonstration of alternative machine vision technologies for TRANSCOM staff. A number of vendors have been invited to set up and demonstrate their equipment at critical sites in the New York / New Jersey metropolitan area so that TRANSCOM can learn more about the capabilities of this technology.

SENATOR LAUTENBERG: What IVHS technologies are being advanced as a result of federal investment in this project?

ANSWER: The TRANSCOM project will be major advancement in the use of AVI technology for traffic management. Commercial vehicles in the area are being equipped with AVI transponders for automatic toll collection on the Goethals and the Verrazano Narrows Bridges. As part of the TRANSCOM IVHS operational test, additional readers will be installed in the New Jersey/Staten Island corridor to allow AVI-equipped vehicles to become roving "traffic probes." As the use of the AVI transponders becomes more common, this could provide an innovative, low cost, way to monitor traffic conditions and detect incidents. TRANSCOM is also exploring the use of other emerging IVHS technologies; such as machine vision, compressed video, and advanced communications media; for their applicability to traffic management and incident response.

SENATOR LAUTENBERG: Do you have an estimate on how much federal funding is needed in FY 1992 funds for additional TRANSCOM activities?

ANSWER: $1.5 million of the $6 million earmarked for TRANSCOM in the FY-90 and 91 appropriation acts has been transferred to the New Jersey DOT. A significant portion of this $1.5 million will be used for the contract to prepare the system feasibility study / preliminary design for the IVHS operational test. The remaining $4.5 million will be used to begin the final design phase. The amount of additional funds, if any, that TRANSCOM may need in 1992 will not be known until the final design of the project has been completed.

SENATOR LAUTENBERG: What new knowledge or experience is likely to be gained as a result of this project?

ANSWER: The TRANSCOM project will be a major step forward in gaining knowledge and experience in the design and development of a large scale traffic management system that is not dependent on traditional detection technology. The project will explore various way to use AVI equipped vehicles as "probes" to monitor the flow of traffic and detect incidents or other unusual conditions. As part of this project, TRANSCOM is also implementing a Geographic Information System (GIS). TRANSCOM will be investigating new ways to use this GIS system when an incident occurs. The location of construction activities, changeable message signs, closed circuit television and highway advisory radio will be identified through the GIS to help TRANSCOM provide improved incident response and traffic management.

SENATOR LAUTENBERG: What are the incentives (financial and otherwise) for state and local transportation authorities that want to participate in an IVHS demonstration?

ANSWER: The best incentive we have is that we share the same goals as state and local officials; improving the operations of the roadway network to reduce congestion, improve safety, reduce energy consumption, and help reduce air quality impacts. Our guideline relative to financial participation in IVHS operational tests is that we will generally provide up to 50 percent of the cost of the project. The remainder can come from some combination of funds (or in-kind services) from State and local governments or the private sector. We view operational tests as a transition between R&D and deployment. The motivation, then, for a State or local transportation agency to sponsor an IVHS operational test project is to begin implementing an advanced system that, when fully deployed, will solve some transportation problem and better serve the public.

SENATOR LAUTENBERG: How much money do you estimate could be spent in the IVHS area over the 1992 through 1996 time frame?

ANSWER: We expect that significant growth in IVHS activity will continue over this time period, requiring continuing growth in FHWA support. However, it is also important that expenditure increases not exceed levels that can be put to effective use by the public and private IVHS partnerships. We believe that our $50 million request in FY 1992 will effectively initiate this growth, which could rise to $70 million in FY 1993 and $100 million per year for FYs 1994 through 1996. Please remember that these figures are preliminary estimates of FHWA IVHS funding needs. In addition, other modal agencies within the Department such as the National Highway Traffic Safety Administration and the Urban Mass Transportation Administration expect to provide funding support for IVHS. We expect that the cooperatively-developed National IVHS Strategic Plan will help to provide more definitive numbers.

SENATOR LAUTENBERG: What is your vision of the future of IVHS in ten years and in twenty years hence? How will the proposed IVHS program help achieve this vision?

ANSWER: A national IVHS strategic plan is being developed cooperatively by IVHS America and the Department which will present a detailed consensus vision as to the future of IVHS. The Mobility 2000 effort provided much information that will be used to help formulate that vision. This response draws from the Mobility 2000 material.

In ten years, around the turn of the century, Mobility 2000 presented the following vision:

- Most urban areas are equipped with areawide traffic surveillance and control systems
- A number of cities are communicating current traffic information for pre-trip planning purposes and to in-vehicle devices
- In-vehicle safety and warning systems are deployed in selected areas
- Systems for commercial vehicles providing streamlined enforcement and regulatory functions are operational on most major Interstate routes
- Automated Vehicle Identification systems are operational on most toll facilities
- Partial control assists (e.g., automatic braking) are commercially available
- Operational tests of automated control on selected facilities are being conducted

The Mobility 2000 group presented the following vision for twenty years down the road, predicated on a $35 billion investment in IVHS R&D, operational testing and deployment over that period:

- Installation of traffic surveillance/control hardware on 18,000 miles of freeways integrated with approximately 200,000 signalized intersections in 250 of the largest metropolitan areas for greatly improved traffic management

- Communications systems to interact with Advanced Traveler Information Systems in the 250 largest metropolitan areas, and in rural areas in every State, as well as a Statewide traffic control center to monitor incidents on the intercity network of roads
- Instrumentation to interact with the Commercial Vehicle Operations systems on the 42,500 mile Interstate System, and the remainder of the roads in the National Network for Trucks
- Systems to interact with Automated Vehicle Control Systems in 16 platooning highway systems to achieve headway, speed and merge control
- Forty-four electric-propulsion highway systems in 25-mile increments in the most congested metropolitan areas with a population over 1 million

The proposed IVHS program; focusing on congestion relief, safety improvement, and environmental benefits; will set out a plan and program for achieving this vision.

SENATOR LAUTENBERG: What are the key research questions that need to be addressed in the IVHS program planned by the Department?

ANSWER: There are a myriad of questions that need to be addressed by the IVHS program. For instance, the IVHS America Priorities Task Force has developed a set of 82 research and operational testing projects, each of which contains for 3 to 6 problem areas. Some of the key research questions to be addressed by the Department's proposed IVHS program are:

- What are the institutional and legal impediments to the development, deployment, and operations of IVHS and how can they be overcome?
- How can traffic data and other relevant information best be gathered and communicated to traffic management centers and thence to individual vehicles?
- How to design traffic management systems incorporating such elements as traffic signals and network-wide routing so that they are responsive in real time to rapidly changing conditions?
- How can advanced technology reduce the regulatory and administrative burden on the trucking industry and improve truck safety?
- What technologies can be used to augment or substitute for drivers' ability to detect the roadway, obstacles, and other vehicles?
- How to design safe and effective automated headway, speed, and steering systems, and how to integrate them with current manual control systems?
- In the human factors area, what are the information needs, and how should controls and displays be designed, for passenger-vehicle and commercial drivers, traffic management centers, and automated systems; and how well will drivers be able to deal with automated warnings and control pre-emptions?
- What are the safety implications of the systems being contemplated?

SENATOR LAUTENBERG: Which disciplines does this research involve? At which universities is this research likely to be conducted?

ANSWER: In addition to highway and traffic engineering, automotive engineering, and human factors/engineering psychology, all the fields associated with systems development will be involved, i.e.: electronics, communications, systems engineering, and computer systems will be the primary disciplines involved. LAw, and perhaps public administration, will be involved with respect to institutional and legal questions.

FHWA is aware of a number of universities currently doing work in this area, including MIT, the University of Michigan, the University of California, Texas A&M, and Georgia Tech. Many other universities possess the necessary skills and several, such as Auburn, the University of Washington, and Virginia Tech, have expressed interest in becoming involved in this program.

SENATOR LAUTENBERG: What role will the Department's University Transportation Centers play in this research?

ANSWER: Several of the lead universities of the University Transportation Centers (UTC) have an ongoing focus on IVHS, including the University of California (Berkeley), MIT, the University of Michigan, and Texas A&M. The centers are expected to participate in the conduct of the work as well as in the development of future expertise through academic and research programs. In addition to IVHS work being undertaken under the UTC program, FHWA has been supporting IVHS programs at the University of Michigan and the University of California. Furthermore, the centers possess sufficient expertise to enable them to seek competitive contracts by themselves or linked with private sector partners.

SENATOR LAUTENBERG: What other institutional arrangements are likely to be used to conduct the necessary research and operational tests to advance IVHS?

ANSWER: Additional arrangements will include IVHS consortia, operational test partnerships, and support contractors.

The consortia concept would provide broad partnerships among universities, all levels of government, and industry to develop, support, and execute a program of IVHS activities to address particular needs or problems. Long-term funding support may be required to assure that a cadre of expertise will be developed and that a program of research, operational testing, and deployment can be sustained.

Operational test project partnerships are already operating for projects such as TravTek in Orlando and ADVANCE in the Chicago area. These partnerships typically include local, state, and Federal government representation, along with private sector participants such as automobile manufacturers and communications companies and university members. Formal agreements among the partners establish roles and responsibilities, including various decision-making procedures and funding intentions. These project teams typically have regularly-scheduled meetings throughout the life of the project, all the way from initial conception through completion.

Program Support Contractors to FHWA will operate on a task order basis to perform essential activities; including, for example, analysis of system architectures for IVHS and data management needs for commercial vehicle operations. The MITRE Corporation is currently on-board in this capacity, and we anticipate providing support to the United States Government laboratory at Oak Ridge for this purpose.

USE OF IVHS FUNDS

SENATOR LAUTENBERG: On a project-by-project basis, please provide a detailed breakdown of the use of IVHS funds for FY 1991 and proposed for FY 1992. For each of these fiscal years, please explain how the allocation of funds shows an appropriate balance between:

a. longer and shorter range technologies;
b. research, development, and demonstration;
c. Advanced Traffic Management Systems (ATMS), Advanced Traveler Information Systems (ATIS), Commercial Vehicle Operations (CVO), and other IVHS; and
d. leverage of Federal dollars versus private investment.

ANSWER: Following is the breakdown of FHWA funding for FY 1991 and 1992 projects:

	(Millions $)	
	Budgeted FY 1991	Requested FY 1992
1. IVHS Program Support	$ 3.9	$ 5.8
2. System Planning & Preliminary Engineering Studies	$ 1.8	$ 5.0
3. ATMS and ATIS Research, Development & Operational Tests	$ 10.5	$ 31.7
4. CVO Research, Development, and Operational Tests	$ 3.3	$ 6.0
5. AVCS	$ 0.5	$ 1.5
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	$ 20.0	$ 50.0

NOTE: ATMS: Advanced Traffic Management Systems
ATIS: Advanced Traveller Information Systems
CVO: Commercial Vehicle Operations
AVCS: Advanced Vehicle control Systems

We believe that the allocation of funds as shown here provides an effective balance among long and shorter range technology; research, development, and demonstration; and the major IVHS categories. Successful management of the national IVHS program requires that a logical series of projects be planned, designed, and conducted. In some cases, the results of one or more projects will feed directly to a successor project or projects; in other cases, relatively independent projects will proceed in parallel. In the initial stages of designing this full program of projects, it is essential that all key requirements of fully-deployed future IVHS systems be carefully reviewed. Existing technology will satisfy a number of these needs, while new research and development will be necessary in other areas. It is also essential that operational test sites be established early during the program, so that current technology can be combined with newly developed products for real-world application and evaluation.

Our establishment of funding support for projects in FY 1991 and 1992 has been guided by these principals, as further developed by Mobility 2000 products and early discussions regarding the National IVHS Strategic Plan. As discussed in an earlier response, we seek up to 50 percent financial participation from non-Federal sources in operational test projects. This policy helps to assure that Federal funding will act as an appropriate incentive for private investment.

SENATOR LAUTENBERG: For each of the projects being funded with FY 1991 funds please show the amount of Federal dollars invested versus an estimate of non-Federal contributions. Also, please explain which of the FY 1991 and proposed FY 1992 Federal expenditures will address traffic congestion problems in heavily populated traffic corridors.

ANSWER: The following are Federal versus non-Federal contributions toward IVHS projects:

TRANSCOM will receive $6-million in earmarked Federal funds for testing the use of automatic vehicle identification (AVI) technology for Electronic Toll and Traffic Management. Local toll agencies and commercial vehicle operators will be participating in the project. Specific local funding and in-kind contributions are not yet defined.

GuideStar has received $1-million in earmarked funds, and is requesting an additional $18-million for FY 1991 and 1992 efforts. If approved, Federal participation is expected to be approximately 50%. Non-federal costs are not yet defined, although the Minnesota DOT has spent considerable funds implementing a Transportation Management Center.

The Smart Corridor is a $3.6-million effort, of which $1-million is Federal funding. The infrastructure to support the Smart Corridor is being constructed with Federal-aid funds at a cost of $42-million.

PATH has a budget from 1986-1990 of $11-million. Of this, Caltrans has provided $7.2-million, FHWA $3-million, UMTA $500,000, and NHTSA $300,000. In addition, the private sector has made some unquantified in-kind contributions.

Pathfinder is a $2.5-million public/private partnership. FHWA is contributing $1-million, Caltrans is contributing $1-million, and private sector companies (GM and ETAK) are contributing $500,000 (GM supplying vehicles, ETAK providing display units.

TravTek has a total project cost of about $10 million, with FHWA providing approximately $2.5 million. The private sector partners, GM & AAA, are providing approximately $5 million.

ADVANCE is a five year project with an estimated total cost of $40-million. Phase 1 is estimated to cost $5.6-million, with the Federal participation at $2.8-million, Illinois DOT participation at $1.4-million, and private sector participation (Motorola, Inc. and the Illinois Universities Transportation Research Consortium) at $ $1.4-million.

Detroit I-94 is a three year effort with a total estimated project cost of $5-million. The Federal share is $2.5-million; the Michigan DOT share is $1.25-million plus the Metropolitan Transportation Center (MTC), and the private sector share is $1.25-million.

HELP/Crescent, an eight year program which began in 1984, has an estimated cost of $18-million. The Federal share is $5-million, the State share is $11.7-million, and the private sector share is $1.3-million (mainly in-kind).

Advantage I-75 is a four year effort with a total estimated cost of $7-million. Of this, approximately 50% is expected to be Federal, 45% State (including financial and in-kind), and 5% private sector (mainly in-kind).

Several of the above projects, along with those anticipated for FY 1992, will address traffic congestion problems in heavily populated traffic corridors. These would include TRANSCOM, the Smart Corridor, and ADVANCE.

HIGHWAY USERS FEDERATION AND IVHS

SENATOR LAUTENBERG: The Highway Users Federation has recommended several steps to commercialize intelligent vehicle/highway systems in the United States. Please assess the feasibility and desirability of each of the following recommendations and discuss whether your FY 1992 budget request addresses these:

- Does your FY 1992 budget request establish a national goal and funding plan to have advanced traffic control centers and on-board emergency vehicle intersection priority control systems in place in all 41 metropolitan areas with a population of one million or more within 10 years, and in all metropolitan areas within 20 years? Is that feasible?

ANSWER: The Highway Users Federation's activities in this area have been transferred to the IVHS America organization; which continues to effectively represent private and public sector goals for IVHS. The FY 1992 budget request recognizes the need to facilitate deployment of advanced traffic management centers and other advanced technologies in our larger cities. One specific proposed initiative to accomplish this is called "Systems Planning and Preliminary Engineering Studies". The purpose of this effort is to facilitate accelerated deployment of Advanced Traffic Management Systems (ATMS) and Advanced Traveler Information Systems (ATIS) and help lay the ground work for deployment of future IVHS technology. Priority control systems would be a technology which would be considered in each area's overall needs. A key requirement for eligibility is an area-wide systems approach, which allows for the integration of future advanced technologies. Plans developed under this initiative will lay out near-term and long-term schedules for implementing the various traffic management strategies. Priority candidates would be those jurisdictions now experiencing severe traffic congestion which are willing to give priority to full deployment. These would almost certainly include SMSA's with populations over one million population; however, other areas would be considered.

- Convene an international group of experts to establish communications protocols and standards for intelligent vehicle/highway systems;

ANSWER: This recommendation has been implemented in that IVHS America has established a Standards Committee. As of April 1991 it had 57 members: 49 were from the USA (8 from the west, 7 from the central, 11 from the midwest, and 23 from the east), 4 from Canada, 2 from Japan, and 2 from Europe. An FHWA staff member serve as secretary to that Committee.

- Take immediate steps to reserve radio spectrum space for highway-vehicle communications; and

ANSWER: The highway-vehicle communications subsystem will be one of the principal considerations to be examined in the process of developing an Intelligent Vehicle-Highway System (IVHS) architecture. The architecture development is being addressed by an IVHS America committee, and we will be supporting that effort through our system engineering support contractor and other R&D studies and operational tests. The effort will include investigation of a variety of IVHS architectures, which will include examining the feasibility of different highway-vehicle communication schemes. These investigations will also address the desirability of reserving a section of the radio spectrum, if the selected communications subsystem uses radio frequencies. Reserving spectrum space at this time would be very difficult to justify due to these uncertainties. An intense effort will be required once we have definitive plans, as current frequency assignments utilize the full spectrum.

- Establish and provide multi-year funding for at least three university centers for advanced research, development, testing, and education and training in electronic vehicle/highway systems and human factors research.

ANSWER: FHWA has proposed the establishment of three new centers under the University Transportation Centers (UTC) program in FY 1992: however, the protocol for the UTC program precludes FHWA from dictating what their focus should be. In this connection it should be noted that several of the existing university centers are currently involved in research and education programs in IVHS and related human factors areas. These include MIT, Texas A&M, the University of Michigan, and the University of California (Berkeley). FHWA has been contributing to programs at the latter two universities. In addition, interest in IVHS has been expressed by the University of Washington center and the University of North Carolina (Charlotte). FHWA's research program is one of free and open competition with a strong emphasis on consortia arrangements involving university participation with private and public sector entities.

STRATEGIC PLANNING FOR IVHS

SENATOR LAUTENBERG: What is the strategic plan for DOT's future involvement in IVHS? What are the milestones, goals, and objectives for the Department's IVHS program? Have these been published?

ANSWER: As reference earlier, the National IVHS Strategic Plan is under development cooperatively by IVHS America and the Department. Our target is to have a draft prepared by December. The IVHS Strategic Plan will enunciate national consensus goals, objectives and program milestones. The Mobility 2000 effort produced material which is serving to guide this effort. The Mobility 2000 reports have been published in both full and summary form and are available from the Texas Transportation Institute.

SENATOR LAUTENBERG: How does FHWA plan to manage effectively the substantial increase in the size and scope of its proposed IVHS activity?

ANSWER: The increasing size and scope of the IVHS program does present a management challenge to the FHWA; one that we recognize and have addressed in a number of ways. We are confident a program of this magnitude can be supported and effectively managed by the FHWA. First and foremost, program management of the FHWA IVHS program is performed by FHWA professional staff. As needed, program support resources are being applied to assist in accomplishing effective program management. Key features of program management capability already implemented by FHWA include:

- establishment of the FHWA Office of Traffic Operations and IVHS as the IVHS program office,
- establishment of an IVHS focus within our R&D offices (the IVHS Systems Research Division),
- approval of a major long term systems engineering and program support contract,
- an interagency agreement with the Volpe National Transportation Systems Center (VNTSC) to provide program analysis and planning support,
- establishment of IVHS America as a utilized federal advisory committee to substantially assist in national coordination activities,
- joint IVHS America and FHWA efforts to initiate an IVHS strategic plan,
- development of an FHWA Business Management Plan for our IVHS activities, and
- establishment of internal department coordination mechanisms.

SENATOR LAUTENBERG: How do you know that you have requested adequate staff for the FY 1992 program?

ANSWER: If FHWA IVHS funding is granted at the requested $50 million level for FY 1992, we are confident that the staffing request will be sufficient. The twenty positions requested for FY 1992 would be primarily split among the Office of Safety and Traffic Operations Research and Development and the Office of Traffic Operations and IVHS. These include both professional/technical as well as secretarial and other support positions. The estimates were based on projected workloads in terms of the expected dollar size of the IVHS program, current workload, and an estimate of how much work one individual could handle, given professional development needs and other agency overhead. The additional program management resources noted above will also contribute greatly to our success in managing this program.

SENATOR LAUTENBERG: In view of the absence of any published strategic plan for IVHS, how can FHWA assure the Congress that the projects you propose to fund are the ones most deserving of Federal support?

ANSWER: Ideas for projects to date have been derived from the recommendations contained in the Mobility 2000 material, and from proposals that have been brought to us by others in the private and public sectors. For example, both the Pathfinder and TravTek projects were initiated by the private sector, the Crescent Project and Advantage I-75 were generated by State agencies. Our funding decisions were made on the basis of these projects, and others, being reasonable, logical incremental steps in the evolution of IVHS. In making our decisions, we work closely with the other participants to assure that each project involves a test of new technology or system concept, in order to avoid duplication. The answer to the next question illustrates this point. We agree with the need for a National Strategic Plan, we are aggressively pursuing its development, and when completed, it will further guide our future funding decisions.

SENATOR LAUTENBERG: How will the current FHWA-funded projects lead to successful innovation of IVHS?

ANSWER: We are now sponsoring projects which will lead to innovation in a number of different IVHS areas:

- The Pathfinder system is the first test of providing in-vehicle information in the U.S. It provides an early assessment of using received time information to avoid congestion.
- The TravTek project in Orlando is the first test of providing route guidance advisories and in-vehicle "yellow pages" information in the U.S.
- The TRANSCOM project in the New York/New Jersey urbanized area will be the first U.S. test of the use of automatic vehicle identification technology for traffic probes and incident detection.
- The ADVANCE project will be the first large scale test of using vehicles to act as a source of information on travel times between points in the network. It will also equip vehicles with navigation aids.
- The Guidestar project includes testing of the application of image processing technology to the problem of traffic surveillance.
- A project on I-94 in Detroit involves the first U.S. tests of automatic highway advisory radio (which automatically interrupts the regular broadcast signal), and radio data service (which uses the FM sideband for data transmission).
- A project on I-95 in Philadelphia has been established to test applications of advanced technology, including possibly satellite communications.
- The Crescent Project is the first test of automating commercial vehicle regulation through multiple States.
- The Advantage I-75 project will test a decentralized system approach to addressing the problem of automating commercial vehicle regulation.
- Support for California's PATH program will lead to innovative approaches in the automated vehicle control system area.

SENATOR LAUTENBERG: How does FHWA decide what the appropriate percentage of Federal financial involvement should be in each of the IVHS projects?

ANSWER: As stated earlier, our guideline is that we will generally provide up to 50 percent of the cost of an operational test project. The remainder can come from some combination of funds (or in-kind services) from State and local governments or the private sector. The appropriate percentages are a matter of negotiation among the participants before a project agreement is signed.

We have typically funded the total cost of R&D projects, but are now beginning to advertise studies that require formation of a consortium and financial participation by the members of that consortium. The amount of that participation will be a factor considered in the evaluation of the proposals.

BALANCE IN THE IVHS PROGRAM

SENATOR LAUTENBERG: How does the proposed FY 1992 IVHS program achieve a balance among effective contractor support and headquarters management?

ANSWER: We are in the process of finalizing an IVHS Management Plan that describes all of the mechanisms we have established for effectively coordinating and managing our IVHS program. Our support services contracts provide assistance in major technical and program areas, but work under the program direction of our own staff. Our support services contractors do not manage any part of the program, but provide invaluable support to our management of the program.

SENATOR LAUTENBERG: How does the proposed FY 1992 IVHS program achieve a balance among effective regional office encouragement of IVHS and State and local infrastructure decision making needs?

ANSWER: This is an important area and a very challenging one. The program needs in all areas of the highway program are great, and projects to provide traffic management infrastructure must be weighed against other highway program needs by the States in making their decisions. We are confident that our Regional and Division offices and the States are aware of the benefits to be gained by providing traffic management infrastructure and will work hard to accomplish this. We now have urban mobility specialists in all of our Regions who are promoting this. The FY-92 program provides for $5 million for a number of urban areas to plan for implementation of the infrastructure needed to support evolution of advanced traffic management and traveler information systems. We will also be developing a marketing strategy that will establish a program of activities for supporting infrastructure deployment.

SENATOR LAUTENBERG: How does the proposed FY 1992 IVHS program achieve a balance among National Highway Traffic Safety Administration (NHTSA), Urban Mass Transportation (UMTA), FHWA, and Research and Special Programs Administration (RSPA) involvement in IVHS?

ANSWER: Coordination among the various participating agencies within the Department is handled through a number of coordinating bodies at various staff levels, starting at the Deputy Administrator level to coordinate policy matters, and ranging to technical program staff to coordinate development of agency IVHS programs. Staff from all of the DOT participants also participate on IVHS America committees. All of these groups meet regularly. The groups have served, and will continue to serve, to sensitize staff to the programs of other agencies, and to promote intermodalism within the IVHS program. The Volpe National Transportation Systems Center will also continue to play a major role in the areas of supporting the development of the National Strategic Plan, and in assessing payoffs of IVHS systems.

MANAGEMENT STRUCTURE FOR IVHS

SENATOR LAUTENBERG: Please address your organizational and management structure for IVHS. How can your assure the Subcommittee that your are funding the right mix of projects and that the best management structure has been chosen for these projects.

ANSWER: IVHS is a national initiative, with major participation from several administrations within the DOT. Coordination groups operate to assure open communication within DOT at the executive and program management levels, with FHWA taking the lead on overall development and administration of the program.

Within the FHWA, organization and staffing realignment to administer IVHS was accomplished at the beginning of this fiscal year. At FHWA Headquarters, the new Office of Traffic Operations and IVHS established within the Associate Administration for Safety and System Applications has been designated as the project office for IVHS. The Offices of Research and Development have also realigned to form a new IVHS Research Division. In addition, several FHWA field offices have completed or are in the process of reorganizations which are focusing more emphasis on traffic operations and IVHS.

Coordination and communication mechanisms operate routinely to assure that decisions on funding of projects take into account the needs and desires of all participants. In addition, the FHWA management structure being used has been explicitly designed to effectively accomplish the Federal leadership, program management, and project execution roles of the national IVHS program.

SENATOR LAUTENBERG: Please discuss the various inputs that FHWA uses in the design of its IVHS program.

ANSWER: A very wide range of inputs is used in development of our IVHS program; including participation from within the US DOT, other Federal departments, other governmental levels, the private sector, and foreign initiatives.

Within the US DOT, IVHS is an initiative of the Department, with coordination through the DOT IVHS Coordinating Group. Deputy Administrators of each modal administration represent their Agency at this forum. An official Working Group to the DOT IVHS Coordination Group has been formed, consisting of senior program managers and mid-level office directors who are responsible for the IVHS program. This Working Group also reports on IVHS matters to the U.S. DOT R&D Coordinating Council. FHWA is the lead Agency within the Department, and as such handles overall program functions.

In addition, discussions with other Federal departments such as Commerce and Energy regarding the IVHS program have taken place. Other departments have also expressed interest in IVHS.

Input from State and local governments, educational institutions, and the private sector are essential. This input is focussed through the Intelligent Vehicle Highway Society of America (IVHS America), a non-profit corporation which has been chartered as a utilized committee under provisions of the Federal Advisory Committee Act (FACA). As such, it will provide consensus recommendations to us regarding IVHS policies and programs. Cooperative development of a National IVHS Strategic Plan, with annual tactical plan and program elements, will be especially useful as input to our program design.

We also continue to coordinate with programs in Europe, Asia, and elsewhere as we develop our IVHS program. Many of the challenges we face, such as human factors research, communication architecture and protocols, and system standardization, are global. We have increased our level of participation in foreign meetings such as the recently-held DRIVE conference in Brussels. In addition, many foreign officials working on IVHS projects participate in U.S.-based forums such as the Transportation Research Board meetings and many also attended the first meeting of IVHS America in March. Additional information sharing initiatives through IVHS America are anticipated.

HIGH-SPEED TRAINS

SENATOR LAUTENBERG: Dr. Larson, how does your surface reauthorization proposal encourage the development of high-speed rail facilities?

ANSWER: The State highway agencies would have the flexibility to use national highway program funding to make adjustments to existing highway facilities to accommodate high-speed rail. Eligible work would generally consist of adjustments to highway elements that would not involve acquisition of additional right-of-way or include construction of entirely new facilities or appurtenances. Types of work which could be funded may include lengthening of bridges or increasing vertical clearance; relocation or removing traffic barriers or fencing; adjusting or relocating drainage facilities, lighting, signing, utilities, and other highway appurtenances; and making minor adjustments to highway alignments. In addition, the bill permits the use of right-of-way without charge by either publicly or privately owned high-speed rail transit systems. Similar to existing law, Federal-aid highway funds would continue to be available to fund safety improvements at rail-highway crossings including elimination of the crossings.

SENATOR LAUTENBERG: What conditions would have to be met before the highway rights-of-way can be used for high-speed rail?

ANSWER: The main highway engineering issues include assurance that construction, operation and maintenance of the high-speed rail facility will not impair the existing highway facility or future highway improvements or adversely affect the safety of highway users. If high-speed rail use of highway right-of-way is to be allowed, the aboveground and subsurface features of the rail system must be compatible with the engineered features of the existing highway facility. Impacts on the physical features of the highway, such as drainage facilities, embankments and structures, must be analyzed. Additionally, the rail facility must be designed in a manner compatible with the aesthetic qualities of the highway facility. Also, the future expansion needs of both the highway and high-speed rail facility need to be determined. The engineered features of the rail system must be compatible with the physical features of any future highway facilities planned to also use the available right-of-way. Safety and operational considerations include provision and maintenance of an appropriate roadside clear zone for highway traffic based on present use and possible expansion of both facilities; separation of high-speed rail traffic from highway users; and control of points of access for construction and maintenance of the rail facility.

SENATOR LAUTENBERG: Has the Federal Highway Administration done an analysis of which highway corridors are compatible with high-speed rail?

ANSWER: The Federal Highway Administration has not identified specific highway corridors for high-speed rail use and has no plans to do so. Any proposal for high-speed rail use of highways must first be acceptable to the State or local authority who owns the right-of-way. The acceptability of individual corridors will vary depending on the nature and feature of the high-speed rail facility and its compatibility with the present and planned highway facility; the market characteristics to support a high-speed rail facility; and a State or local highway authority's willingness to consider this type of use of its highway right-of-way.

SENATOR LAUTENBERG: Besides "encouraging" the development of high-speed rail, does your surface proposal allow the spending of highway trust fund revenues for high-speed rail? If so, for what purposes, and under what conditions?

ANSWER: The State highway agencies would have the flexibility to use urban/rural program funding to implement mass transit projects, which potentially could include construction of a high-speed rail facility and the purchase of requisite rolling stock. The mass transit facility would have to be publicly owned and be consistent with the transportation improvement program developed by the metropolitan planning organization.

RADAR DETECTORS

SENATOR LAUTENBERG: Eight safety-oriented organizations petitioned FHWA on July 18, 1990, to initiate rulemaking that would prohibit interstate motor carriers from allowing their drivers to use radar detectors. On August 8, 1990, Dr. Larson responded that the petition may have merit and that FHWA would proceed with a proposed rulemaking. You also promised me during the FY 1991 DOT Appropriations Act Conference that FHWA would move expeditiously on this petition. Given the assurances offered by the administration during conference on the 1991 appropriations bill, don't you feel responsible for moving the rulemaking soon? If not, why not?

ANSWER: Yes. The FHWA believes that radar detectors do not have a place in commercial motor vehicles and is proceeding with a rulemaking proposal supporting this position.

SENATOR LAUTENBERG: Why has nothing happened, and when will you issue a notice of proposed rulemaking?

ANSWER: Controversy surrounding a possible ban has slowed our progress on rulemaking. We hope to issue a proposed rule this year.

SENATOR LAUTENBERG: Do you support the banning of radar detectors on commercial motor vehicles?

ANSWER: Philosophically, we support the ban but will reserve final judgment until we have reviewed all the comments on the rulemaking.

DOT POLICY ON LONGER COMBINATION VEHICLES

SENATOR LAUTENBERG: Is DOT strategically ducking this issue by saying that it is still developing its policy on LCVs?

ANSWER: Yes, DOT is deliberately remaining neutral on the current debate between various interests over LCVs. Any change in DOT policy will be based on a full assessment of the public costs and benefits and, if the limits are changed, highway user charges should be adjusted accordingly. The Department is examining the various costs and benefits but does not have sufficient information and analysis to make legislative recommendations at this time.

SENATOR LAUTENBERG: What research does the Office of Motor Carriers have planned for fiscal year 1992 to address the numerous research and operational questions associated with increased use of LCVs?

ANSWER: FHWA is conducting research on the operating characteristics, costs and benefits of alternative dollies for multiple-trailer combinations. FHWA is improving the heavy truck accident data for the analysis of multiple-trailer accidents. We are increasing the sample of all types of heavy truck accidents. The FHWA is also continuing research on long-term pavement, bridge, cost allocation, productivity and modal diversion implications of LCVs. FHWA is working with NHTSA on their 2-year evaluation of antilock brakes for tractors and trailers as well as research on vehicle dynamics (including rollover and crash avoidance maneuvers) of LCVs.

SENATOR LAUTENBERG: Please list the 13 States that allow the longer combination vehicles, the size allowed, and the year they went to the larger size.

ANSWER: Various configurations of longer combination vehicles are allowed in 20 States. Combination vehicles typically referred to as LCV's include triples, turnpike doubles and rocky mountain doubles. The States allowing each combination type are listed as well as the maximum allowable overall length. We do not have records as to when these States began to allow these vehicles. In many cases these vehicles were allowed prior to the institution of the current certification process in 1975.

Triples-14 States	
Alaska	120'
Arizona	105'
Idaho	105'
Indiana	108'
Kansas	119'
Montana	110'
Nebraska	(1)
Nevada	105'
North Dakota	110'
Ohio	108'
Oklahoma	(2)
Oregon	105'
South Dakota	105'
Utah	105'

Turnpike doubles-17 States	
Alaska	(3)
Arizona	105'
Colorado	105'
Florida	110'
Idaho	105'
Indiana	108'
Kansas	119'
Massachusetts	108'
Montana	95'
Nevada	105'
New York	114'
North Dakota	110'
Ohio	108'
Oklahoma	(4)
South Dakota	110'
Utah	105'
Wyoming	(5)

Rocky Mtn. doubles-19 States	
Alaska	(3)
Arizona	98'
Colorado	95'
Idaho	105'
Indiana	108'
Kansas	119'
Massachusetts	108'
Montana	95'
Nebraska	(4)
Nevada	105'
New York	114'
North Dakota	110'
Ohio	108'
Oklahoma	(4)
Oregon	68'
South Dakota	90'
Utah	98'
Washington	68'
Wyoming	(5)

Footnotes:
(1) No overall length, may only run empty.
(2) No overall length, 3 trailing units at a maximum of 29' each are allowed.
(3) No overall length, total trailer length limited to 90'
(4) No overall length
(5) No overall length, total trailer length limited to 80'

SENATOR LAUTENBERG: Please provide for the record a detailed analysis of the injury and fatality record of each of the various types of doubles and triples compared to conventional tractor trailers. Does the record indicate that LCVs are overinvolved in truck accidents? What does the literature indicate?

ANSWER: The most comprehensive study, done by the National Academy of Sciences in 1986, concluded for twin trailer trucks that, "greater use of twins will have little overall effect on safety."

A more recent study, done by Scientex for the American Railroad Association, indicated that twin trailer operations have a significantly poorer safety record than do singles. However, serious problems with the data used in this study have led FHWA and others to discount the reliability of this conclusion.

We know of no similar studies of accidents for triple trailer trucks.

SENATOR LAUTENBERG: How many deaths and injuries have been reported to MCMIS or FARS in recent years involving each of these different types of vehicles?

ANSWER: The following are the number of fatal accidents and deaths reported by FARS in recent years:

FATAL ACCIDENTS ONLY*

	1986		1987		1988		1989	
Vehicle Type	Fatal Accts	Number Killed	Fatal Accts	Number Killed	Fatal Accts	Number Killed	Fatal Accts	Number Killed
No Trailer	385	445	372	440	402	463	435	517
Single Unit Truck	1,018	1,158	1,118	1,259	1,014	1,143	1,056	1,192
Single Trailer	3,248	3,815	3,195	3,759	3,330	3,908	3,061	3,635
Double Trailer	227	277	205	240	207	243	190	236
Triple	7	8	3	3	4	4	2	2 Trailer

* Since FARS contains only fatal accidents, the number of injuries is not shown.

PERMIT SYSTEM FOR LCVs

SENATOR LAUTENBERG: Longer combination vehicles (LCV), configured with longer double trailers and 28-foot triple trailers, are commonly known as Rocky Mountain doubles, turnpike doubles, and triples. Due to grandfathered higher weight limits in some states, these LCVs have operated under special permit for up to 30 years on 6 Eastern turnpikes and in 14 Western states. A June 1990 study by the Transportation Research Board recommended lifting the 80,000-pound weight limit imposed on interstate highways, which almost certainly would result in expanded LCV operation, although the study did not specifically address increased truck lengths. What research does OMC or NHTSA have planned for FY 1992 to address the numerous research and operational questions associated with increased use of LCVs?

ANSWER: FHWA is conducting research on the operating characteristics, costs and benefits of alternative dollies for multiple-trailer combinations. FHWA is improving the heavy truck accident data for the analysis of multiple-trailer accidents. We are increasing the sample of all types of heavy truck accidents. The FHWA is also continuing research on long-term pavement, bridge, cost allocation, productivity and modal diversion implications of LCVs. FHWA is working with NHTSA on their 2-year evaluation of antilock brakes for tractors and trailers as well as research on vehicle dynamics (including rollover and crash avoidance maneuvers) of LCVs.

SENATOR LAUTENBERG: What is FHWA's position regarding the potential for LCV expansion? What would FHWA's response be to allowing individual states the discretion of lifting the 80,000-pound weight limit on interstate highways? What are the major factors FHWA considered in reaching its position?

ANSWER: FHWA's position is reflected in the Surface Transportation Assistance Act of 1991 proposal, which does not propose any changes to the Federal truck size and weight limits. Although recent studies have shown net benefits from increasing those limits, we believe that there are additional unresolved issues regarding the impacts of longer, heavier trucks. These issues include impacts on (1) highway safety, (2) the selection of the appropriate fee recovery mechanisms, (3) which segments of industry would achieve the estimated productivity benefits, and (4) the rail industry.

SENATOR LAUTENBERG: Does FHWA feel that the states would be able to institute effective LCV permit systems and to adequately enforce applicable LCV permit restrictions?

ANSWER: The FHWA believes that more States could institute and enforce an LCV permit system. An effective system would be based on the following principles (1) permit fees must be commensurate with added highway and enforcement costs, (2) minimum safety restrictions and permit revocation procedures must be implemented and enforced, and (3) uniform equipment requirements and operating and safety restrictions must be included to reduce the regulatory burden on carriers.

SENATOR LAUTENBERG: What LCV restrictions does FHWA consider the most important to safe LCV operation? How will FHWA work through the states to ensure that these restrictions are employed and enforced?

ANSWER: States impose restrictions pertaining to the (1) the experience, training and driving record of drivers, (2) routes on which LCVs operate, (3) weather and (4) equipment maintenance. The FHWA would work with States and the motor carrier industry to identify and enforce appropriate restrictions.

SENATOR LAUTENBERG: What is FHWA's opinion of the often conflicting results of LCV safety studies? Is FHWA comfortable with the data on which these studies are based? What is being done to improve the data?

ANSWER: The apparent conflicting results from LCV safety studies are primarily the result of different accident and exposure data and different methodologies.

The FHWA is uncomfortable with the results because in many cases the sample sizes are small, especially when disaggregated by truck configuration.

We are upgrading our national databases to better distinguish the major combination truck configurations. These include the fatal accident reporting system of NHTSA, our own motor carrier management information system, and our estimate of truck travel. Many of the changes are already in effect for the 1991 data. Improvements will continue as we better identify the salient features that affect truck operations and safety.

SENATOR LAUTENBERG: Are there any minimum Federal standards for these permits? If not, should there be? Do you have any plans to develop these standards? What factors would they consider?

ANSWER: There are currently no Federal standards. The FHWA may not promulgate standards as the permit clause in Section 127(a), 23 U.S.C. provides for permits to be issued "in accordance with applicable State laws."

The FHWA believes there should not be Federal standards; rather States, industry and the Federal government should work jointly to establish (1) minimum safety restrictions and permit revocation procedures, (2) uniform equipment and administrative requirements, and (3) establish permit fee commensurate with full costs for LCV permit systems.

The FHWA does not have any plans to develop standards for LCV permit systems, but will work with States and the industry to achieve the points listed above.

The major "factors" to be considered for an effective LCV permit system include:

- ° Safety
  - Driver qualifications
  - Vehicle maintenance and equipment
  - Enforcement plan
  - Revocation criteria and procedures
- ° Permit Fees
  - Definition and procedures for defining full costs
- ° Uniform Equipment and Administrative Procedures
  - Tractor trailer and dolly
  - Simpolified and possible base State approach to LCV permit

SENATOR LAUTENBERG: Why does FHWA allow companies with an unsatisfactory safety rating to continue to operate LCVs? Should Congress change this policy or will FHWA?

ANSWER: From accident and inspection data and studies done thus far, we have no evidence yet that LCVs pose a greater risk to safety than other vehicles. We see no need for legislative action on this issue at this time.

SENATOR LAUTENBERG: Should LCVs be required to have antilock brakes, automatically adjustable brakes, or C-dollies? Please discuss the pros and cons for each of these possible requirements.

ANSWER: FHWA does not believe that the policy on LCV brake systems should change until NHTSA has completed its study on antilock brake systems. Antilock brakes help prevent brake lock-up when LCVs are empty or lightly loaded. However they increase vehicle operating costs and are not well tested on multiple-trailer combinations.

In double trailer combinations with one trailer shorter than 27 feet, a C-dolly can stabilize the short trailer. C-dollies are essential for triple-trailer combinations if they operate on highways with heavy traffic. The advantage of C-dollies is that they dampen the roll over tendency and whipping effect for the rearward trailers. The disadvantages are the additional weight and vehicle fixed and operating costs.

Automatically adjustable brakes or automatic slack adjusters are now available for all trucks not just LCV's. Most new trucks are now equipped with automatic slack adjuster; trailers are not. The advantage of the slack adjusters is that they improve braking capability. The only disadvantage is a small increase in truck cost.

CDL AND LCV

SENATOR LAUTENBERG: Is it correct that all States waive the skills test requirement for the CDL endorsement to operate triples?

ANSWER: In order to operate triples, an applicant is required to pass knowledge and skills tests for operating combination vehicles, in addition to a special knowledge test to obtain an endorsement for doubles or triples. States may waive the skills test for any truck or bus driver with a safe driving record; however, not all States waive this part of the test.

SENATOR LAUTENBERG: Which States require a skills test for this endorsement?

ANSWER: No State requires a special skills test for the triple endorsement.

SENATOR LAUTENBERG: Is this a practice that promotes safety?

ANSWER: Yes. Based on the comments received during the rulemaking process, the skills testing for doubles and triples would not be different from the test for the combination vehicle group as a whole. The Federal Motor Carrier Safety Regulations require an employer to "road test" drivers in the vehicle they are going to drive.

SENATOR LAUTENBERG: How can we be assured that operators of longer doubles and triples are qualified to operate these vehicles?

ANSWER: The Federal Motor Carrier Safety Regulations require an employer to "road test" the driver in the vehicle they are going to operate. The road test must be of sufficient duration to enable the carrier to evaluate the skill of the driver in the handling of the vehicle and associated equipment.

NATIONAL HIGHWAY SYSTEM

SENATOR LAUTENBERG: If Congress were to increase the 150,000-mile cap on the National Highway System during consideration of the reauthorization bill, what criteria or factors should be kept in mind?

ANSWER: The objective of the National Highway System (NHS) program is to focus Federal highway funding on a limited system of highways of national significance. The Federal Highway Administration (FHWA) strongly believes that this objective can be effectively met with a 150,000- to 165,000-mile NHS as proposed by S.610. In the event the Congress increases the 150,000-mile cap for the NHS, the relationship of funding and system extent should be carefully considered. At 150,000 miles, the NHS would be about one-half the size of the existing Federal-aid primary system. With the funding proposed by S.610, it will be possible to achieve meaningful system improvements for a 150,000- to 165,000-mile NHS. If the size of the NHS is increased and additional roads which are not truly highways of national significance become eligible for NHS funding, it will be more difficult to achieve system benefits.

INTERSTATE PRESERVATION

SENATOR LAUTENBERG: What portion of the $5.6 billion proposed obligations for the National Highway System represents the former Interstate 4R Program? What portion represents other federal-aid highway programs?

ANSWER: There is no precise breakdown of the proposed obligations for the National Highway System between Interstate 4R and other programs because States have the responsibility to plan for the use of the available funds. We would anticipate that States would continue to give high priority to Interstate 4R program needs until the current backlog of needs are met.

SENATOR LAUTENBERG: Under a National Highway System (NHS), does FHWA expect Interstate 4R expenditures will increase, decrease, or remain the same?

ANSWER: An increase in Interstate 4R expenditures is expected. There remains a backlog of unmet Interstate needs. In 1989, over 9 percent of Interstate pavements were reported in poor condition and over 28 percent of Interstate bridges were reported as deficient. The need for funds to preserve the Interstate System is expected to continue at or above the levels of the last five years because about 74 percent of the System has been in use for at least 20 years and can be expected to need improvements to preserve and extend its life.

SENATOR LAUTENBERG: What goals has the administration set for improving the condition of the nation's interstate highway system? Is any improvement to be expected?

ANSWER: Goals are to improve the physical condition of the Interstate System, and to maintain, to the extent feasible, the performance of the system in accommodating traffic flow. The goal of improving physical conditions is achievable with the proposed reauthorization funding levels and State match.

Performance can be maintained except in the larger urban areas, where congestion is expected to increase.

SENATOR LAUTENBERG: The broader federal-aid categories contained in DOT's proposal will give States additional flexibility to select from among a range of highway and transit projects. Given DOT's projection that annual Interstate preservation and capacity needs will significantly outstrip current annual appropriations, what steps will the administration take to ensure that States continue their current investment levels in preserving the Interstate?

ANSWER: Our legislative proposal will require each State to have management systems which will include inventories and current condition data to identify the need to improve bridges, pavements, safety and to relieve congestion on the National Highway System. Preservation of the Interstate will continue based on needs identified by these management systems. In addition, States will be able to use the National Highway Program apportionments to ensure adequate maintenance of the Interstate System.

SENATOR LAUTENBERG: While reconstruction often involves providing additional Interstate capacity, a great deal of reconstruction is the removing and replacing of roadway surface, which is preservation. Would such activities be eligible to receive a 90 percent federal matching share? If not, why not?

ANSWER: Yes, it is common practice for more than a single Federal funding source with different Federal shares to be applied on one project. In such cases, project records separate eligible work items and costs to the appropriate category. In the example cited, the same logic would be used to identify Interstate resurfacing, rehabilitation and restoration elements, which would be funded at a 90 percent federal share, and the additional capacity elements, which would be funded at a 75 percent federal share.

SENATOR LAUTENBERG: DOT's 1989 Needs Report projected that states would use up to 50 percent of their Interstate 4R funds on projects to enhance Interstate capacity. This assumed a 90-percent federal matching share for both preservation and capacity projects. Has DOT revised this estimate now that it proposes a higher federal matching share for preservation over capacity projects?

ANSWER: If capacity were to be increased to maintain the current level of service, more than 50 percent of available funds would be used for this purpose. However, States have traditionally placed emphasis on maintaining physical condition.

SENATOR LAUTENBERG: What portion of the state's NHS funds would DOT project states will use for preservation in FY 1992, and what portion would be used for capacity enhancement?

ANSWER: We have not made such a projection. As stated above for Interstate, needs for capacity are expected to be larger than for physical preservation. However, this does not mean that the States will spend at this ratio. Historically, States have tended to weigh system preservation more heavily than capacity improvements.

SENATOR LAUTENBERG: Under the current program structure, States may transfer up to 20 percent of their Interstate 4R Program funds to the primary system. Over the past 3 years, about 35 States have opted to do so. Under the NHS, much of the primary system will be rolled into the NHS and its funding commingled with the current 4R program. Has DOT evaluated how States will respond to the new opportunities to transfer funds between programs? Will they allocate additional resources to the former primary system, to the 4R Program, or maintain the status quo?

ANSWER: While there have been about thirty-five instances, in 16 different States, in the past 3 years when States have opted to transfer Interstate 4R funds to the primary system, we believe there will be no significant change under the National Highway System. The backlog of Interstate preservation needs remains significant. In 1989, the percent of pavements in poor condition dropped on all systems. However, the number of Interstate bridges having deficiencies has increased, while the number of deficient bridges on other principal arterials has remained constant. There was also a substantial increase in the percent of urban Interstate peak hour travel under congested conditions while the increase on other urban arterials (non-freeways) was smaller. The management systems required for bridges, pavement, safety and congestion will assist States in establishing priorities.

SENATOR LAUTENBERG: Has DOT evaluated the impact on continuing efforts to preserve the Interstate Highway System?

ANSWER: We believe that the commingling of funds under the National Highway Program will be beneficial to efforts to preserve the Interstate Highway System. The first benefit is expected to result from the reduced overall mileage on the National Highway System while Interstate portion retains its identity as a subsystem; this continues the special emphasis of the Interstate on a smaller overall system. Secondly, Interstate resurfacing, restoration and rehabilitation (I-3R) continue to receive favored funding. Our bill retains the 90 percent Federal share for I-3R work (also Interstate operation improvements) and provides that the Secretary can require States to use National Highway Program funds to bring and keep the Interstate System in an adequately maintained condition.

PROPOSED CROSS-USE OF HIGHWAY AND MASS TRANSIT FUNDS

SENATOR LAUTENBERG: The Administration has proposed in its highway and mass transit reauthorization legislation, to permit highway funds to be used for mass transit putposes, and mass transit funds to be used for highway purposes. The entire Urban/Rural Program and 15 percent of National Highway Program funds would be eligible for transit an virtually all mass transit funds would be eligible for highways. On the basis of the admisitration's proposed highway and mass transit funding levels, as much as $5.8 billion annually in highway funds and about $3.3 billion annually in mass transit funds would be eligible for transfers.

What overall investment policy has been developed by the Department, the Federal Highway Administration, and the Urban Mass Transportation

Administration to assure that transferred highway and mass transit funds are being put to their most efficient and effective use?

ANSWER: Our proposal allows significant flexibility for the State and local officials to use highway funds under the Urban and Rural Program and transit funds under the UMTA Formula Program for either highway or transit projects. However, that decision is left to the State and local officials to make without Federal intervention. We believe a reduced match of 60/40 for both highway and transit projects will promote cost-effective State and local decisions.

SENATOR LAUTENBERG: How do FHWA and UMTA planning processes accommodate multi-modal project selections as suggested by funding flexibility between highways and mass transit?

ANSWER: We believe the identical urbanized area planning requirements for FHWA and UMTA will go far to ensure that funding for highways and mass transit will be put to the best use. The planning process requires multimodal transportation planning to be carried out by a metropolitan planning organization (MPO) in cooperation with the States and transit operators. As part of the process, the MPO is required to develop a transportation improvement program (TIP) that includes all projects proposed for funding under FHWA and UMTA programs. The pavement, bridge, and congestion management plans developed by the States and MPOs will also aid in cost effective decisions by State and local governments.

While funds under UMTA's Section 3 (other than those for new starts) and Section 9 funds may be used for highway projects, there are two conditions that must be met. First, regarding small urbanized areas (under 200,000 population), the Governor would have to certify that there were no unmet transit needs among the small urbanized areas in the State, and those areas would have to concur in the certification. Second, UMTA funds may not be used for highway projects unless matching funds are available for use on both highways and transit projects or there is a sufficient dedicated source of transit funding at the State or local level.

SENATOR LAUTENBERG: What changes will be necessary in FHWA and UMTA project selection criteria to facilitate comparisons between highway and mass transit projects?

ANSWER: Under our proposal, State and local officials have been given the flexibility in choosing where and how to use highway funds(Urban/Rural Program) and transit funds (Section 9 and Section 3, other than new starts). Funds for both the highway and transit programs (Section 9 and URP funds are both distributed by formula), have the same matching ratio and can be used for the same eligible activities. There is a similar parallel structure for the FHWA Metropolitan Planning program and the UMTA State and Local Planning and Research Program. In addition, there will be a joint Metropolitan and Rural Incentive Bonus Program that will be a discretionary allocation of additional obligation limitation in FHWA and an eligible activity under Section 3 in UMTA, with uniform requirements and Federal share.

TRUST FUND TAX RATES

SENATOR LAUTENBERG: Curiously, the administration would allow taxes in fiscal year 1996 to return to the rates in effect prior to December 1, 1990 (i.e., to let lapse the additional 5 cents, of which 2.5 cents went for highways). Why?

ANSWER: The fuel tax increase was included in the 1990 Omnibus Budget Reconciliation Act primarily as a way to reduce the Federal deficit, although half of the tax increase was earmarked for the Highway Trust Fund. Our proposal for surface transportation reauthorization would make use of that additional tax revenue over the reauthorization period, but it would not use all the interest that would accrue. Given the current balance in the Highway Trust Fund and the interest that will be credited to the Highway Trust Fund, we could continue the highway, highway safety, and transit programs at the 1996 level plus inflation in to the post-reauthorization period at the 9-cent fuel tax level. Therefore, we did not propose that the fuel tax increase included in the budget agreement be maintained past the 5-year timeframe of that agreement. The appropriate level of Federal spending for surface transportation programs and the appropriate user fees to support that level will be decided when the post-1996 reauthorization legislation is being developed.

SENATOR LAUTENBERG: Don't you believe these revenues are still needed to continue improving the country's infrastructure?

ANSWER: No. We believe that the increased funding levels in our bill, plus the additional State and local funding leveraged by our proposal, should support a high level of investment on our highways and bridges. Thus, the Administration is not proposing new taxes.

SENATOR LAUTENBERG: Despite the fact that the new 2.5 cents increased tax on motor fuels generates approximately $3 billion additional revenue for the highway trust fund, the obligation ceiling proposed for 1992 is virtually at the same spending level as in 1991. Why?

ANSWER: The obligation ceiling recommended in the FY 1992 budget would allow us to maintain pavement conditions on the highways and bridges of principal national interest. Although funding levels could be set higher, we must be mindful of deficit reduction impacts. A spending increase in the Highway Trust Fund would have to be offset either with spending decreases or tax increases elsewhere in the Federal budget.

SENATOR LAUTENBERG: Why didn't you request an increase in funds to keep pace with increased revenues?

ANSWER: The Administration's proposal fits highway spending into the overall national priorities, which includes reducing the Federal deficit. Given the Omnibus Budget Reconciliation Act of 1990 with its domestic discretionary spending caps, the increase in highway funding expresses the clear priority placed on long range infrastructure investment by the Administration.

SENATOR LAUTENBERG: Isn't the Department "breaking faith" with the motoring public who expected these funds to be used for infrastructure improvements?

ANSWER: The Administration's proposal fits highway spending into the overall national priorities, including the need to reduce the Federal deficit. Given the Omnibus Budget Reconciliation Act of 1990 with its domestic discretionary spending caps, the increase in highway funding expresses the clear priority placed on long range infrastructure investment by the Administration. The obligation levels proposed in this legislation average $17.66 billion over the five-year authorization from 1992-1996. By contrast, the 1987-1991 average obligation level for highways was about $12.78 billion.

SENATOR LAUTENBERG: Was there a specific reason or rationale for not increasing spending in this area, or was this an OMB generated decision?

ANSWER: The Federal -aid reauthorization proposal significantly increases the federal committment to highway and bridge infrastructure, while meeting the national budget priorities established in the Omnibus Budget Reconciliation Act of 1990.

APPORTIONMENT FORMULAS

SENATOR LAUTENBERG: Dr. Larson, the administration has stated that the existing formulas for apportioning federal funds are antiquated and don't meet today's needs. I agree; however, I take issue with your proposal to apportion seventy percent of the funds using gas consumed, which rewards states for fuel consumed.

Why was this chosen as an apportionment factor?

ANSWER:

o Motor fuel was selected as a factor for the following reasons:

o Motor fuel usage along with vehicle miles traveled (VMT) and lane miles are good approximations of the usage of the highway system. Use of the system determines investment requirements.

o VMT (and road mileage and lane miles), if specifically tied to a proposed NHS would make designation virtually impossible because of each State's desire to maximize formula shares. It could also imply a cost to complete the system. For this reason total highway-system factors, rather than the NHS-specific factors, and land area are preferable to reflect extent of the system.

o Since vehicle travel causes road deterioration and congestion, VMT would be the best indicator of need. However, VMT on all public highways would be difficult to collect. There would be an enormous counting problem because of the nearly 4 million miles of roads to be reported on. Administrative costs to collect would be extremely high if any degree of accuracy is to be achieved. Accuracy in converting traffic counts to VMT adds additional variability. The next best proxies are fuel consumption and/or trust fund revenue contributions for which data is accurate, verifiable, and in place.

- o There has been broad interest in the Congress in motor fuel usage as a potential factor since being proposed in numerous congressional bills, including those of the House Public Works Committee, over the last decade.

- o Motor fuel usage factors do not unfairly reward areas that have substantial travel and highway needs since the purpose of the NHP is to direct funding to areas with highway investment requirements on a high order system, thus benefiting interstate commerce.

SENATOR LAUTENBERG: Don't you believe that we should be rewarding states who encourage the consumption of less fuel and therefore less reliance on imported oil?

ANSWER: Primarily, I think that highway apportionment formulas should relate to highway investment requirements based on system extent and usage. The apportionment formulas should also be based on data which is objective, reliable, and easy to collect and update. I think that the apportionment formulas in the Administration's surface transportation proposal best meet these criteria.

As for basing apportionment formulas on reduced consumption, there are several points to be made. First, the Administration's proposal does a great deal to encourage energy conservation. The proposal includes flexibility to use funds for transit, higher participation ratios for high occupancy vehicle lanes, and congestion pricing. Second, the use of motor fuel and highway trust fund receipts as apportionment factors does not encourage energy consumption, nor does it discourage energy conservation. This would only be true if States actually encouraged people to drive as a means of increasing their highway funds. I don't believe that States would do anything like this. Finally, as Secretary Skinner has testified, the most effective thing we can do to reduce the use of gasoline is to reduce highway congestion. The best way to relieve this congestion is through a surface transportation program which is adequately funded and whose apportionment formulas are based on highway investment requirements.

SENATOR LAUTENBERG: Another concern of mine is what I perceive as the missed opportunity to reward or encourage States to meet the recently enacted Clean Air Act (CAA) standards. What in your proposal puts this country on the road to cleaning up its dirty air?

ANSWER: The CAA has and will continue to be the primary mechanism for attaining the Nations air quality goals. Our proposal includes a number of features intended to encourage and support the processes defined in the CAA and to further reduce emissions from the transportation sector while maintaining needed mobility. Increased funding flexibility, a strengthened multimodal urban transportation planning process, emphasis on operational improvements and congestion management, and expanded eligibility for activities that provide air quality benefits will all provide State and local areas with the tools needed to better manage transportation systems for improved air quality.

SENATOR LAUTENBERG: Do you believe that a national highway program has some responsibility for reducing fuel consumption and helping the environment?

o If so, how does your surface reauthorization proposal specifically help in these areas?

ANSWER: In developing the proposed reauthorization legislation, we wanted to ensure flexibility of federal funding between highways and transit to empower state and local governments to make more efficient use of scarce resources. For example, among eligible projects under the Urban/Rural Program, states may choose funding for transit, pedestrian or bicycle improvements, operational improvements and projects to promote carpooling. Projects that provide innovative approaches to air quality, congestion, and/or rural access programs may qualify for special funding.

The existing mass transit programs are simplified by combining existing programs into an urbanized area formula program, a small urbanized, rural and specialized program, a discretionary program, and a transit planning and research program. The maximum flexibility is in the formula programs, with streamlined processing. The total transit program level is $3.3 billion in FY 1992 through 1995, increasing to $3.4 billion in FY 1996, compared with about $3.2 billion in FY 1991.

Transportation planning would have to be coordinated with development of the transportation portion of the state air quality implementation plan, to help areas achieve the requirements of the Clean Air Act Amendments.

Areas must develop a congestion management system that would provide for the effective management of new and existing transportation facilities through the use of travel demand reduction and operational management strategies.

SENATOR LAUTENBERG: What specific programmatic changes or funding is in the administration's reauthorization to help States meet the requirements of the Clean Air Act?

ANSWER: First, greater funding flexibility is provided by making the Urban and Rural Program (URP) eligible for a wide variety of highway, transit, or other modal investments. A special Metropolitan and Rural Innovative Bonus Projects program is also proposed to provide special emphasis on innovative non-capital intensive methods of addressing congestion and air quality problems. In addition, up to 15 percent of the National Highway Program funds would be eligible for transfer to the URP, based on State or local need.

Second, the urban transportation planning process would be strengthened to emphasize multimodal considerations, land use and development patterns, and transportation-related air quality problems. Planning boundaries could be adjusted to match the designated air quality nonattainment boundaries. In areas over 200,000 population, a Congestion Management System would be required. The objective will be to maximize the efficiency of our existing roadway networks, assure that any new facilities are operated in a manner that makes optimal use of any new capacity, and assure that multimodal solutions to congestion problems are developed. This system must be coordinated with the process used to develop the transportation element of the State (air quality) Implementation Plan.

- Third, operational improvements will be given preference over capacity expansion on the Interstate System through an increased Federal share. In urbanized areas over 200,000 population, National Highway System capacity expansion would only be considered in those cases where all viable operational improvements and demand reduction strategies have been implemented or evaluated and found to be inadequate to handle future traffic at acceptable levels of service.

Finally, the proposal includes special emphasis and expanded eligibility for a number of transportation activities and facilities that could be helpful in addressing congestion and air quality issues. These include traffic management and control systems, research to better understand the effectiveness of mitigation strategies, congestion pricing strategy demonstrations, fringe parking, high-occupancy vehicle lanes and systems, carpools, transit, high speed ground transportation, magnetic levitation facilities, bicycle facilities, and pedestrian walkways.

SENATOR LAUTENBERG: One of the "selling points" of the administration's proposal is flexibility. Yet, on a percentage basis, a greater amount of transit dollars can be used for highways. Would you support the same percentage of each mode's funds be available for transfer?

ANSWER: We believe the legislation reflects a proper balance between highways and transit. We view the role of Federal Government in highways other than those on the National Highway System similarly to the role of the Federal Government in transit. In explanation, the Federal role in these two areas is subordinate to that of the State and local governments, because these highways and transit systems primarily serve local and regional travel. Thus, the funds we would authorize in the Urban and Rural Program for highways that are not on the NHS and that are not classified as local or rural minor collectors would also be available for transit capital projects. Similarly, most Federal transit funds would be available for highway projects. We would encourage State and local governments to use these fungible programs to advance those projects they see as the best investments to solve local transportation problems.

SENATOR LAUTENBERG: Why did the administration feel it necessary to restrict the amount of highway funds that a state might use for transit purposes?

ANSWER: The Administration's National Transportation Policy stated that the Federal Government should concentrate more of its transportation resources on facilities that are of national significance. Thus, our proposal targets resources on a defined National Highway System that serves major population centers, ports, airports, and international border crossings; meets national defense requirements; and serves interstate and interregional travel. The National Highway Program (NHP) was structured to achieve these objectives. We could not ensure that these objectives would be met if the States were allowed to use an inordinately large amount of their NHP funds for mass transportation projects which primarily serve local or regional travel.

MOTOR CARRIER SAFETY ACT OF 1990

SENATOR LAUTENBERG: The Motor Carrier Safety Act of 1990 requires that a representative of the Secretary, e.g., an Office of Motor Carriers (OMC) safety specialist, must initiate an enforcement action whenever certain violations of the Federal motor carrier safety regulations can be documented. How do you know that all of your regional and division officers are effectively implementing this law?

ANSWER: To meet the requirements of the Act, FHWA developed procedures requiring safety specialists to initiate enforcement action any time a serious violation. The implementation procedures were distributed to the field and implemented in January 1991. We are monitoring implementation through regular and implemented program reviews.

SENATOR LAUTENBERG: How have you audited the practices of your safety specialists to ensure compliance with this Federal law?

ANSWER: All the FHWA field managers have been briefed on this requirement and have been directed to instruct their staff on the implementation procedures. Compliance is monitored through the periodic employee evaluation process and a quality control assessment of carrier safety and compliance reviews.

SENATOR LAUTENBERG: Are you now bringing enforcement actions regarding violations of the safety regulations that can be documented during the first visit with a motor carrier?

ANSWER: Yes.

SENATOR LAUTENBERG: How does your policy relate to the finding of a serious pattern of noncompliance? Please provide a detailed listing of those enforcement actions that resulted from the first contact with a motor carrier since the issuance of operational procedures that FHWA formulated to ensure that serious safety violations were pursued as a result of any Federal audit or review of a motor carrier. Please summarize these procedures and state when they were issued.

ANSWER: FHWA safety specialists have initiated 26 enforcement actions against motor carriers after discovering serious safety violations during safety reviews. Thirteen enforcement actions were initiated for an unqualified driver, 7 for false logs, 2 for financial responsibility, 2 for false medical certificate, 1 for false documents, and 1 for no driver's license.

Operational procedures were developed to require motor carrier safety specialists to initiate, at the time of a safety review or compliance review, and enforcement action whenever serious violations of the Federal Motor Carrier Safety Regulations are discovered. These procedures identify specific serious violations including falsification of driver's records of duty status and falsification of medical certificates. Continued noncompliance with related safety requirements can lead to a determination that the carrier poses an imminent hazard under our shut-down procedures.

COMMERCIAL DRIVER'S TESTING AND LICENSING

SENATOR LAUTENBERG: As of March 1, 1991, how many States were issuing commercial licenses? Is it still FHWA's official position that all States will be testing and licensing by April 1992?

ANSWER: Thirty-seven States are issuing commercial driver's licenses. FHWA expects that all 50 States and the District of Columbia will be issuing CDLs and that all drivers will be tested and licensed by April 1, 1992.

SENATOR LAUTENBERG: For the States not now issuing licenses, what is FHWA doing to enable those States to test and license all their commercial drivers in the remaining 13 months?

ANSWER: The FHWA and the American Association of Motor Vehicle Administrators (AAMVA) have jointly established teams to assist States with the administrative and technical details of implementing their CDL programs. This assistance includes conducting regional meetings and workshops, dissemination of written guidance materials, responding to written and telephone inquiries and conducting on-site visits to individual States to provide one-on-one problem solving sessions and to review, evaluate and make recommendations on program development and implementation.

The States are being encouraged to use time- saving measures to assist them in compressing their normal testing and licensing cycles. The measures include administering CDL knowledge and/or skills tests while they are preparing to hook up to the Commercial Driver's License Information System and begin issuing CDLs, using third party skills testing and skills test "grandfathering" for drivers with good driving records.

SENATOR LAUTENBERG: There appears to be a wide difference of opinion between GAO's position that 33 states will have difficulty in licensing all drivers by April 1992 and FHWA's statements that all States will be testing and licensing by that date. As of March 1, 1991, what percent of drivers nationwide have been tested and licensed? What is FHWA's best estimate on the total number of commercial drivers still to be licensed? How many drivers may not be tested and licensed by April 1992?

ANSWER: The GAO report, issued in March 1990, was based on research conducted in October 1989. Thus, the report presents outdated information and reflects a pessimism that is unwarranted by the current situation. For example, the GAO asserts that only two States were issuing CDLs; that number had increased to seven by the report's date of publication, and now stands at 37 States.

Approximately 20 percent of the commercial drivers (just over 1 million) have CDLs. Based on the estimates of the 50 States and the District of Columbia, there are approximately 4 million more commercial motor vehicle drivers in the country that still need to be licensed. Many of these drivers have already passed their CDL knowledge and skills tests and will be issued CDLs as soon as their home State hooks up to the Commercial Driver's License Information System and begins issuing CDLs.

At this point in time, we expect all drivers needing a CDL to be tested and licensed by April 1, 1992.

SENATOR LAUTENBERG: What action does FHWA plan to take to ensure that drivers in States that do not meet the April 1992 deadline are not unduly penalized?

ANSWER: Since the Commercial Motor Vehicle Safety Act of 1986 is very explicit about April 1, 1992 being the deadline for drivers to obtain a CDL in order to operate a commercial motor vehicle, the FHWA is concentrating on efforts with the States to make sure all drivers are tested and licensed by the deadline. Our efforts are being directed at informing drivers of the need to be tested and licensed by April 1, 1992, making sure the States have the capacity to process all driver applicants and making sure the remaining 14 States begin issuing CDLs as quickly as possible. Currently, all 50 States and the District of Columbia are administering CDL knowledge and/or skills tests to their commercial drivers.

SENATOR LAUTENBERG: New York State plans to use a "take-home" examination for its commercial drivers. What has FHWA done to ensure that the use of a take-home examination is an appropriate way to test and license drivers? Has FHWA approved the use of take-home examinations in other states? If yes, which ones?

ANSWER: The New York Department of Motor Vehicles implemented a Commercial Driver's License (CDL) mail-home knowledge examination for currently licensed commercial vehicle drivers on October 3, 1990. This testing method was utilized to ensure that all the involved drivers would be tested prior to the April 1, 1992 deadline. A suspense date was set for 30 days after the driver received the examination package as one of the many safeguards against cheating.

Driver testing and licensing has long been and still is a State responsibility. It is up to each State to conduct any investigations it considers necessary to insure the appropriateness and integrity of the testing process. Whether the mail-home knowledge test is acceptable for CDL purposes will depend on whether New York can provide workable assurances that the person taking the test is the person to whom it was mailed and to whom the CDL would be issued.

New York recently submitted an evaluation of the extent to which cheating may or may not have occurred in the mail-home testing process. The FHWA is reviewing the evaluation. Until our evaluation is complete, FHWA is discouraging other States from using the mail-home testing format.

SENATOR LAUTENBERG: How much is FHWA requesting in this budget for the development and annual operation of the Commercial Driver's License Information System?

ANSWER: The FHWA is not requesting funds in this budget for the Commercial Driver's License Information System (CDLIS) because it is fully developed and under the control of AAMVAnet, Inc., a subsidiary of the American Association of Motor Vehicle Administrators. While the FHWA has contributed in past years over $17 million in Federal funds to develop the CDLIS, the annual operation is being funded by user fees from the member States.

MCSAP STATE PARTICIPATION IN SAFETY REVIEWS

SENATOR LAUTENBERG: The committee understands that some of the States are still not convinced of the importance of participating in FHWA's safety review (SR) program. Is this true? How many States have stopped doing SRs?

ANSWER: States are not required to conduct safety reviews as part of the Motor Carrier Safety Assistance Program. Thirty five States are performing these reviews. California stopped doing them because State officials were dissatisfied with the quality of the safety reviews.

BUS INSPECTIONS

SENATOR LAUTENBERG: The out-of-service rate for buses goes up dramatically when MCSAP inspectors have the capability to check under the bus. What is FHWA doing to ensure that each of the MCSAP States have the physical facilities necessary to check underneath buses?

ANSWER: FHWA encourages State enforcement and highway agencies to cooperatively determine the need for improved inspection facilities.

SENATOR LAUTENBERG: What has FHWA done to improve the capability of New Jersey MCSAP officers to inspect buses?

ANSWER: New Jersey's MCSAP bus inspectors are well trained and qualified. FHWA provides on-site monitoring and technical assistance when needed. A number of these inspectors are also now being trained to conduct safety reviews to determine compliance with the safety regulations.

SENATOR LAUTENBERG: Please list all of the changes and improvements made during the last two years to OMC's programs as a result of the work of your Bus Coordinator. When will this vacancy be filled?

ANSWER: Buses are a high priority for FHWA's motor carrier programs. FHWA established the bus coordinator position 2 years ago for liaison, and technical assistance to the industry and coordination within the Department on bus issues. The bus coordinator ensured that buses were addressed as a high priority within the framework of FHWA's existing programs. This included research, data, regulations, program review, and enforcement programs. We expect this recent vacancy to be filled in the next few months.

SHIPMENTS TO WIPP

SENATOR LAUTENBERG: The DOE has awarded a substantial transportation contract to a company in New Mexico to transport a large number of low-level radioactive waste shipments into the WIPP facility. What is the safety, compliance and roadside inspection record of this carrier? Please present data contained in this carrier's safety profile.

ANSWER: The motor carrier contracted by DOE to transport the radioactive waste to the WIPP facility is Dawn Enterprises located in Farmington, New Mexico. Dawn Enterprises is a recently established firm; and roadside inspection data is not yet available. FHWA will conduct a compliance review on the carrier in the next few weeks.

SENATOR LAUTENBERG: How will FHWA assure that vigorous oversight of the operations of this carrier will be maintained, especially in view of the sensitivity associated with these shipments?

ANSWER: The shipments to the WIPP facility will be monitored cooperatively by Federal and State officials. Under a DOE contract, a private safety firm will review the carriers safety operations trip by trip, and through management reviews. Some key features to ensure maximum safety will be pre-trip notification, satellite tracking, dual driver operations, and special equipment. Before the WIPP shipments State and Federal officials will conduct an on-site review.

SAFETY RATING METHODOLOGY

SENATOR LAUTENBERG: FHWA has revised its safety rating methodology several times. What improvements in the rating scheme have been made during the last two years?

ANSWER: FHWA's safety rating methodology has been enhanced to include additional regulatory requirements, additional factors such as preventable reportable accidents, and revisions to the rating formula to ensure the proper balance between critical and non-critical regulatory requirements. These revisions have resulted in a more comprehensive and balanced safety rating process.

SENATOR LAUTENBERG: How is the validity and reliability of this rating scheme checked?

ANSWER: The validity and reliability of the rating scheme are checked through internal reviews of status reports and other comparisons with data in our information systems. In addition, the reliability is checked by analyzing rating distributions by Regional Office, State, and safety specialist.

SENATOR LAUTENBERG: What suggestions of the Commercial Vehicle Safety Alliance (CVSA) to improve FHWA's rating methodology were not taken by FHWA and why?

ANSWER: CVSA's suggestions are welcomed and helpful. We are not aware of any specific suggestions related to the methodology that were overlooked.

SENATOR LAUTENBERG: Please discuss in detail how a safety rating is now determined and the factors considered.

ANSWER: Safety ratings are determined based on responses to the safety review questions and a carrier's reportable preventable accident rate. Weights are assigned to each answer.

In the methodology, safety and hazardous materials requirements having similar characteristics are combined together into regulatory areas called "rating factors." Each is equally weighed in the safety rating methodology.

Factor ratings are assigned and incorporated into an algorithm to determine the safety rating.

UNIFORMITY OF ENFORCEMENT ACTIONS

SENATOR LAUTENBERG: Have FHWA's reviews found that different OMC regional offices are not implementing the ETA and SCE programs in a uniform manner?

ANSWER: The field office methodologies incorporate national and regional criteria along with local factors for selecting carriers most in need of our attention. Regions and divisions are given the latitude to incorporate factors unique to their carrier and population and geographic area as long as these factors are justifiable and documented.

SENATOR LAUTENBERG: What did OMC do to correct this situation?

ANSWER: Although the regions have not uniformly implemented the SCE and ETA programs, this is not an indication that the situation needs correction; rather it is an example of regions using program flexibility to meet local conditions. The situation did not warrant correction because differences that were noted in our reviews reflect differences in the carrier population rather than differences in policies and procedures.

COMMERCIAL DRIVER'S LICENSE AND MEXICO

SENATOR LAUTENBERG: How does FHWA ensure that Mexican drivers operating commercial motor vehicles pass the required non-resident CDL test?

ANSWER: In order to operate a commercial motor vehicle in the U.S., Mexican drivers must pass the same CDL tests required of U.S. drivers. States may issue non-resident CDL's and may administer these tests in Spanish to accommodate Mexican drivers and other drivers whose primary language is Spanish. FHWA also is working with Mexican officials to harmonize their licensing program with the CDL. Our goal is to establish a reciprocity agreement with Mexico which will allow drivers licensed in Mexico to drive in the United States.

SENATOR LAUTENBERG: Will border States be able to handle all of the testing requirements?

ANSWER: Currently, three of the four States that share a boundary with Mexico are issuing non-resident CDLs to Mexican drivers. We are not aware of any major problems. However, we anticipate that prior to April 1, 1992, when all commercial drivers will be required to have CDLs, a reciprocity agreement with Mexico will be signed and a Mexican license will be recognized as the equivalent to the CDL.

SENATOR LAUTENBERG: What is FHWA doing to ensure that these foreign operators are fully qualified according to U.S. standards?

ANSWER: All foreign drivers operating commercial motor vehicles in the United States must meet the same standards as U.S. drivers. Drivers licensed in a foreign country may be recognized as having a valid license to operate a commercial motor vehicle in the U.S., provided the FHWA determines that their licensing entity applies standards that are comparable to those in the U.S. Such a determination has been made concerning the Canadian classified license system, and properly licensed Canadian drivers can operate in the U.S.

The Mexican government would like to obtain reciprocity on their commercial drivers licenses, similar to that with Canada. To this end two Mexican officials recently completed a three month stay in the U.S. studying our CDL requirements and working with FHWA personnel to identify the changes necessary for reciprocity.

FAILURE TO RESPOND TO CVSA

SENATOR LAUTENBERG: Other than your initial acknowledgment, why has OMC failed to take any action on CVSA's petition requesting FHWA to initiate rulemaking that would result in the disqualification of drivers that violate out-of-service orders?

ANSWER: We are evaluating the merits of including out-of-service violations as a potential disqualifying offense for a commercial driver's license. Its feasibility may be limited by (1) our authority to make it a disqualification under Commercial Motor Vehicle Safety Act of 1986, and (2) the extent to which out-of-service violations are considered as traffic violations under State laws.

SENATOR LAUTENBERG: CVSA has informed us that FHWA has also not acted on their petition regarding safe loading of cargo. How do you explain your failure to respond to the enforcement community concerned with motor carrier safety?

ANSWER: The CVSA Vehicle Committee has addressed this issue for a few years. The Committee recommendations were presented just a few weeks ago to the full CVSA. We are evaluating this recent CVSA request in light of the Committee work just completed.

OMC'S FAILURE TO USE EXISTING AUTHORITIES EFFECTIVELY

SENATOR LAUTENBERG: Since 1984, OMC has had the authority to shut down all or part of a motor carrier's operation if this operation is determined to be imminently hazardous. Am I correct in stating that in the 6 years that you have had this authority you have only used this authority once?

ANSWER: On March 27, 1991, the FHWA issued its first out-of-service order to shut down a motor carrier's entire interstate transportation operation.

SENATOR LAUTENBERG: Why are you so reluctant to use this important enforcement tool to deal with bad actors?

ANSWER: The FHWA is not reluctant to use the imminent hazard provisions of the Motor Carrier Safety Act of 1984. The FHWA has developed procedures to ensure a motor carriers right to due process and the right to engage in interstate transportation. These procedures are used by the FHWA when shutting down a motor carrier's operations determined to pose an imminent hazard to the public.

Thirty-three motor carriers have been subject to multiple enforcement actions in the last 18 months--a key factor for FHWA when deciding whether a carrier poses an imminent hazard. That is, FHWA determines a motor carrier poses an imminent hazard if it is subject to three enforcement actions in 36 months for violations of the same safety requirement. Thus, these 33 motor carriers are potential candidates for being shut down if they have another similar safety violation.

MCSAP AND SAFETY REVIEWS

SENATOR LAUTENBERG: The St. Louis Metropolitan Police Department has attempted to convince FHWA to provide training for safety reviews. FHWA's regional office has consistently denied this request. Please explain why.

ANSWER: The Missouri Department of Public Safety is the lead agency for all MCSAP grantees in Missouri including the St. Louis Metropolitan Police Department. The FHWA has not received a request for St. Louis safety review training.

SENATOR LAUTENBERG: How will this situation be remedied?

ANSWER: The FHWA has not received a request from the St. Louis Metropolitan Police Department for safety review training. Should the St. Louis police desire safety review training under MCSAP, they should submit their request to the Missouri Department of Public Safety.

IMPROVEMENTS IN OMC RECORD

SENATOR LAUTENBERG: I note that OMC has dramatically improved the effectiveness and vitality of its enforcement program. Please discuss all of the improvements taken since CRS issued its 1989 report on your programs.

ANSWER: In the last two years, FHWA has:

- Implemented an abbreviated enforcement report.
- Initiated of a microcomputer based enforcement tracking system.
- Implemented a nationwide Selective Compliance and Enforcement Program.
- Developed improved methods of carrier selection and prioritization to facilitate the identification of high risk, problem carriers for safety and compliance reviews.
- Improved the Motor Carrier Safety Enforcement Training Course.
- Streamlined enforcement procedures by using regional motor carrier safety managers in lieu of regional counsel to settle routine enforcement cases.
- Increased penalty assessments and enhanced use of the enforcement authorities provided by the Motor Carrier Safety Act of 1984, including implementation of procedures for shutting down imminently hazardous operations.
- Developed operational procedures which identify specific serious violations. These violations are of a recordkeeping, and nonrecordkeeping nature, and can result in penalties up to $10,000 per violation. These procedures mandate prosecution of serious violations

whenever sufficient documentation is available regardless of our previous contact with the carrier.

- Developed procedures requiring a carrier to cease, after 45 days, the transportation of placardable quantities of hazardous materials and passengers by motor carriers receiving unsatisfactory safety fitness ratings.

SENATOR LAUTENBERG: How have you responded to the concerns expressed by CRS?

ANSWER: FHWA has (1) shifted resources from safety reviews to compliance reviews in order to step up its enforcement activities, (2) issued restrictions that prohibit motor carriers rated unsatisfactory from transporting hazardous materials, and (3) begun taking enforcement action for services safety violations.

SENATOR LAUTENBERG: How are you responding to GAO's recent critical report on your enforcement program?

ANSWER: Our formal response to the GAO Final Report "Truck Safety: Improvements Needed in FHWA's Motor Carrier Safety Program," is being reviewed in the Department. We have analyzed the results of the GAO report, and are using the results as another basis for the ongoing improvement of our programs.

SENATOR LAUTENBERG: On both a total and a normalized basis, e.g., per inspector basis, please present data on the civil penalty amounts collected, assessed, number of enforçement cases initiated and settled (detailing hazmat and others) for FY 1989, FY 1990, and thus far for FY 1991.

ANSWER: The requested data follow:

	Fiscal Year		
	1989	1990	1991 (October 1990 thru January 1991)
Number of FHWA Safety Specialists	256	317	317
Number of Enforcement Cases Initiated	1,532	1,843	579
Number of Enforcement Cases Initiated per Safety Specialist.......	6.0	5.8	1.8
Number of Enforcement Cases Prosecuted and Closed...	1,133	1,551	553
Number of Enforcement Cases Prosecuted & Closed per Safety Specialist...	4.4	4.9	1.7
Amount of Fines Collected ($000's)......	4,591.1	7,302.7	2,705.0
Amount of Fines Collected per Safety Specialist ($000's).....	17.9	23.0	8.5
Total Number of HM Enforcement Cases Initiated..............	192	263	87

REPROGRAMMING OFFICE OF MOTOR CARRIER FUNDS

SENATOR LAUTENBERG: The Committee is interested in whether there are differences in how OMC is actually using its funds versus the amounts originally requested in the budget submittal and approved by Congress. Please specify in detail the originally requested and the actual use of any funds that were reprogrammed or reallocated during FY 1989, FY 1990 or thus far in FY 1991.

ANSWER: FHWA has not reprogrammed Motor Carrier Safety funds as originally appropriated for FY 1989 through FY 1991. However, a limited amount of redistribution between object class categories has been required to compensate for fluctuations in personnel attrition rates, per diem rate increases, and funding for certain Congressional studies.

SENATOR LAUTENBERG: Were these changes made with the approval or notification of the House and Senate Appropriations Committees? If not, why not?

ANSWER: The limited amount of redistribution between object class categories is permissable under administrative guidelines, however, FHWA is sensitive to the intent of Congress and, therefore, would not reprogram funds between no-year contract funds and annual funds without specific authorization.

OPERATION LIFESAVER

SENATOR LAUTENBERG: Is it correct that the amount of the Federal Highway Administration (FHWA's) contribution to Operation Lifesaver has not even kept up with inflation in recent years? Please provide a review of the last five years of FHWA's funding for this program.

ANSWER: Under Section 339 of the 1988 DOT Appropriation Act, Congress directed the Secretary of Transportation to provide $250,000 per year for the Operation Lifesaver Program for each of the fiscal years 1988-1991. These funds were to be drawn from the annual authorization for the Federal-aid Rail-Highway Crossings program (23 U.S.C. 130). Accordingly, FHWA has allocated $250,000 to Operation Lifesaver, Inc., each year for the past four years.

SENATOR LAUTENBERG: If additional funds were provided, how best could they be used?

ANSWER: Operation Lifesaver's top priority at this time is funding to initiate a nationwide public relations campaign to bring the organization's educational message to the maximum number of highway users. This emphasis on national public awareness is perceived as the key to reducing grade crossing accidents, and Operation Lifesaver hopes to focus much of its future effort on development of such a program.

DRUG TESTING

SENATOR LAUTENBERG: On November 21, 1988, in the final rule on drug testing, FHWA stated that in a separate notice as part of a proposed rulemaking that you would investigate the issue of applying the drug testing requirements to intrastate drivers, which are not now covered by your Federal requirements and are inadequately covered by State requirements. Why haven't you issued a notice of proposed rulemaking in this area? When will this be done?

ANSWER: The controlled substances testing requirements are very complex. The FHWA wants to evaluate the rules once they are fully in place. Recently the courts ruled in the Government's favor regarding random and post-accident testing. Once these two forms of testing are implemented and the FHWA has had a chance to evaluate the complete program, a decision regarding expanding the applicability of the requirements to intrastate motor carriers and drivers will be made.

SENATOR LAUTENBERG: On February 1, 1990, FHWA issued interim final rules on its drug testing requirements without the opportunity for comment. FHWA, however, did request comments to be filed by May 20, 1990 on these interim rules. You have never responded to these comments. Why?

ANSWER: Twenty-seven commenters opposed the change regarding the post-accident criteria rule. None of the comments were opposed to the change regarding the post-accident criteria. The interim final rule on post-accident testing will be published as a final rule now that the court recently ruled in favor of the Government on this issue.

SENATOR LAUTENBERG: Did your attorneys check to see if the Administrative Procedures Act was being followed properly prior to each of these regulatory actions?

ANSWER: Yes, all rules issued by the FHWA are reviewed by attorneys to ensure that the Administrative Procedures Act and other laws are being followed properly.

SENATOR LAUTENBERG: Is FHWA drafting regulations to revise commercial operator drug testing to provide frequent, unannounced drug testing for drivers with an identified alcohol or drug abuse problem?

ANSWER: No.

SENATOR LAUTENBERG: What action has FHWA taken to implement a drug testing sobriety checkpoint demonstration project for drivers of medium and heavy trucks?

ANSWER: FHWA is unfamiliar with this demonstration project. We have initiated a pilot program to randomly sample truck drivers for alcohol and substance use.

SENATOR LAUTENBERG: What action has FHWA taken to provide certified drug recognition experts and/or training for personnel with commercial truck driver oversight responsibilities? Has FHWA developed an intra-departmental agreement with NHTSA to provide this training?

ANSWER: FHWA has not entered into an intra-departmental agreement with NHTSA to provide this training.

SENATOR LAUTENBERG: Little evidence is available on the extent to which truck drivers use or abuse drugs and alcohol. In October 1990, FHWA initiated a pilot program of voluntary random sampling of truck drivers for drug and alcohol use. In addition, the Administration has stated that its reauthorized Motor Carrier Safety Assistance Program will include drug initiatives. What has been the extent of FHWA's efforts to determine drug and alcohol use by truck drivers?

ANSWER: The FHWA has contracted with Tracor Technology Resources, Inc. to conduct a nationwide survey to estimate the level of controlled substances and alcohol use by commercial motor vehicle drivers. The study will be in two phases, a pilot study and then if feasible a nationwide study. The pilot study began on December 3, 1990 and data collection was completed in mid-April. The data is being analyzed and a report is pending. If the pilot study demonstrates the feasibility of collecting this information, then we will proceed with the nationwide survey. The nationwide study will survey 1,600 truck drivers at nine randomly selected sites throughout the United States.

SENATOR LAUTENBERG: What authority does FHWA have to test truck drivers for drugs or alcohol?

ANSWER: FHWA's authority to test drivers of commercial motor vehicles is founded in Section 206 of the Motor Carrier Safety Act of 1984 (49 App. U.S.C. 2505). This section directs that Federal safety standards be established for motor vehicles that, at a minimum, ensure that the physical condition of operators of commercial motor vehicles is adequate to enable them to operate such vehicles. This statutory authority has been delegated to the Administrator of the FHWA. In addition, the constitutionality of FHWA's drug testing requirements has recently been upheld by the Ninth Circuit Court of Appeals.

SENATOR LAUTENBERG: What are the status and results of FHWA's pilot drug testing program?

ANSWER: The results of the pilot drug testing program include:

- 713 carriers reviewed,
- 277 drivers-average per carrier,
- 143,500 drug tests conducted,
- 2.1% of the drug tests confirmed positives,
- Marijuana accounted for nearly 65% of the positives, and
- Most frequently cited violations related to recordkeeping.

SENATOR LAUTENBERG: What drug initiatives are planned for the Motor Carrier Safety Assistance Program?

ANSWER: The STAA of 1991 proposes drug interdiction and awareness as an eligible activity under MCSAP. MCSAP funds may already be used for these types of activities. States have used the funds primarily to train enforcement personnel in detecting the use or transportation of illegal drugs. States also have used the funds for equipment and salaries for enforcement (use or transportation of illegal drugs). States have not used the funds for drug testing; they detect illegal use (or possession) primarily by noticing signs of drug use, such as paraphernalia or remnants of illegal substances.

The intent is to recognize drug interdiction and awareness in the statute and allow each State to decide the appropriate level of effort warranted based on its assessment of the drug problem in the State. The advantage to FHWA is the efficiency of managing the activities as part of a MCSAP grant versus the additional resources needed to administer it as a separate program or grant.

SENATOR LAUTENBERG: What impact have these initiatives had on the fiscal year 1992 budget for the Motor Carrier Safety Assistance Program?

ANSWER: These initiatives have a minimum impact on the 1992 budget for MCSAP. FHWA expects each State to decide the appropriate level of effort warranted based on its assessment of the drug problem in the State, rather than earmarking a specific portion of MCSAP funds for the activity.

COMMERCIAL DRIVER PERFORMANCE

SENATOR LAUTENBERG: Describe the actions FHWA is taking to improve medical qualification criteria so that older commercial drivers receive improved cardiac screening. Describe the medical standards and cardiac risk assessment criteria to be used and provide an estimated date for the rulemaking.

ANSWER: The FHWA is proposing to revise the medical qualification criteria for hypertension and cardiology. The criteria are based on the result of a conference of medical specialists and should be published this summer. In addition, the FHWA is working with Canada and Mexico to ensure there is harmonization of medical qualification standards for commercial drivers operating within North America. The FHWA also intends to develop guidance for medical examinations based on the new criteria.

SENATOR LAUTENBERG: Has FHWA amended the FMCSRs to require automated/tamper-proof on-board recording devices for commercial vehicles or devices which provide similar performance characteristics? If not, please explain.

ANSWER: The FHWA allows the use of such devices but has not mandated their use. In September 1988, the FHWA issued a final rule which permitted the use of on-board recorders by motor carriers to record a driver's record of duty status in lieu of the required handwritten record. The FHWA has denied several petitions which sought mandatory use of such devices. The FHWA is currently monitoring the development and use of these devices by motor carriers. These automatic devices have not yet been proven to warrant mandatory use. More than 90 percent of the over 200,000 carriers regulated by the Federal government operate fewer than 10 commercial motor vehicles. We must consider the potential economic impact that such a requirement would have on small business entities.

SENATOR LAUTENBERG: Has FHWA revised the FMCSR to establish hours of service violations, log book irregularities, multiple log books, and violations of a commercial vehicle alcohol offense as reasonable cause requiring a drug test of the driver as recommended by NTSB? If not, why not?

ANSWER: No. Although driver hours-of-service violations and log book irregularities are commonly associated with transportation of large quantities of illicit drugs, those violations are only two of the many indicators used by law enforcement to establish "probable cause" to conduct further investigations of the driver and vehicle. It cannot be said that the presence of these violations, in and of themselves, establishes "probable cause" to request a test of the driver's blood, breath, or urine, In response to the Notice of Proposed Rulemaking for the drug testing regulations, the FHWA received convincing argument that a violation of a safety regulation, or the occurrence of an accident, was not sufficient to trigger a drug urine test. Instead, the final rule requires that the commercial vehicle driver show signs of drug use or, in the case of an accident, be cited for a traffic violation.

The FHWA believes that the combination of determinants used in the Drug Interdiction Assistance Program training is acceptable to trigger "reasonable cause" searches for drugs during roadside inspections. Such determinants include, but are not solely based on, hours-of-service violations.

The FHWA has initiated studies into driver fatigue, hours-of-service, and drug use by commercial motor vehicle operators, and has significantly increased safety regulations and penalties pertaining to use of controlled substance.

SENATOR LAUTENBERG: What actions have the FHWA and DOT taken to determine which industry practices may cause commercial vehicle operator fatigue? What are the results of these findings?

ANSWER: The FHWA is currently involved in a multi-year research project which will have as its major objective the examination of relationships between driver activity and loss of alertness or onset of fatigue through measurements of drivers' psychological, physiological, and cognitive states. Based on the outcomes of field experiments, literature surveys, and a survey of 800 drivers, recommendations for safe, legal, and effective countermeasures to combat the onset of fatigue/loss of alertness will be made. These countermeasures may be tested in a driving simulator and on the road in an optional second phase.

SENATOR LAUTENBERG: What is FHWA doing now to provide information to commercial operators on the effects of fatigue, alcohol and other drug use? Does this information include methods of minimizing fatigue?

ANSWER: The FHWA continually sponsors efforts to improve safety in the motor carrier industry. Part of this effort includes the dissemination of information to State and local governments, motor carrier organizations and individuals concerning controlled substance abuse, fatigue and the effects of alcohol abuse. The FHWA will continue to share safety information and results from its research contracts with other Federal offices, State governments, and the public.

The FHWA and the Department have been providing motor carriers and drivers with information on effects of drug use through presentations and dissemination of information from the National Clearinghouse for Alcohol and Drug Information, an office within the Department of Health and Human Services.

The FHWA published one-page summaries of recently issued final rules and important notices of proposed rulemaking to inform the motor carrier industry and others of new and revised regulations. This information dissemination process has been positively accepted. The FHWA also prepares general information brochures on a variety of safety related topics. The FHWA has research contracts underway on driver fatigue, braking drug testing and medical standards which will result in additional information brochures, and booklets.

BRIDGE SAFETY RESEARCH

SENATOR LAUTENBERG: In a recent investigation completed by the National Transportation Safety Board, it was determined that a temporary bridge collapse resulted from excessive debris loading on the bridge structure. Current AASHTO specifications do not provide criteria for calculating combined debris loads in the bridge design process. How is the FHWA going to address this current deficiency in the bridge design process?

ANSWER: Draft language has been prepared for an interim AASHTO specification for static loading of bridges by debris. A 1992 research study is being developed in concert with the U.S. Geological Survey and will accomplish the first goal of the Safety Board's recommendation: methods for estimating the occurrence of maximum debris loads; that is, frequency, size and magnitude, for design purposes. Furthermore, a follow-on research problem statement has been proposed for initiation by the National Cooperative Highway Research Program, Transportation Research Board, for the final goal of the National Transportation Safety Board recommendation: to specify analytic methods for determining the stresses imposed by impact and accumulated debris on highway bridges.

SENATOR LAUTENBERG: How does the FHWA define a critical member for a non-steel bridge? What is the FHWA doing to assure that when deficiencies are detected in critical bridge members, they are corrected?

ANSWER: Fracture critical members may be found in bridges of any material if they meet the fracture critical definition. The FHWA uses the definition in the American Association of State Highway and Transportation Officials (AASHTO) Guide Specification for Fracture Critical Bridge Members which states "Fracture Critical Bridge Members or member components (FCMs) are tension members or tension components of members whose failure would be expected to result in collapse of the bridge." The September 1986 FHWA report Inspection of Fracture Critical Bridge Members is the reference that explains the details of these members, steel and non-steel, and their inspection.

A number of actions are being taken by the FHWA to assure corrective actions when deficiencies are detected. The noted FHWA report was developed for the purpose of instructing bridge inspectors on the subject. The National Bridge Inspection Standards were revised in 1988 to include the requirement for States to maintain a master list of bridges with fracture critical members. This requirement is being monitored on an annual basis for compliance. "Follow-up" procedures are also required of the States and the FHWA offices to assure that all findings threatening public safety, including findings on fracture critical members, are being evaluated and corrected in a timely manner.

SENATOR LAUTENBERG: In 1988, FHWA published a technical advisory addressing scour, channelization, and channel migration at highway bridges. What is FHWA doing to evaluate the effect of man-induced alterations to waterways beneath highway bridges?

ANSWER: Two new FHWA Hydraulic Engineering Circulars, "Stream Stability at Highway Structures" (HEC-20) and "Scour at Bridges" (HEC-18) are emphasized in a 3 1/2 day course titled, "Stream Stability and Scour at Highway Bridges Training Course." The course and draft Circulars became available to the States in September 1990 and include current technology "to evaluate the effect of man-induced alterations to waterways beneath highway bridges." Advanced technology dealing with this and related issues is the subject of a new FHWA Priority Research Area on "Stable Highway Stream Crossings." A major theme of that research deals with stability problems caused by man-induced alterations to the stream. Studies currently underway and approved for initiation deal with stream instability processes and problems resulting from activities like aggregate mining in the channel, channel alignment, channel deepening, and other activities that cause the riverbed to become unstable. Computer models currently under development will become the implementing vehicle for this new technology.

OTHER SAFETY ISSUES

SENATOR LAUTENBERG: In view of the recent multiple fog accidents which have occurred across the country, what research programs is the FHWA sponsoring to address limited visibility conditions on major highways?

ANSWER: Prior research has demonstrated that the best method for avoiding the chain-reaction accidents that occur in fog and other reduced visibility conditions is a series of Changeable Message and Variable Speed Signs that provide to the driver information on the speed of vehicles one minute ahead of his/her current location. We have been working with the National Transportation Safety Board with regard to the use of these signing systems. During the current fiscal year we are initiating a study of Changeable Message Signs to develop design guidelines and operational recommendations that will ensure adequate visibility of these signs, particularly for older drivers. With FY 1992 funds, we plan to test environmental sensors which can respond appropriately to fog conditions where the visibility drops below 400 feet. These sensors would be used with roadside Changeable Message Signs to convey condition-responsive warning messages along limited access highways. In the future, the warning messages could also be provided within the vehicle through audible means or visual displays.

In 1979, FHWA issued a set of guidelines which contained a methodology for using accident data to determine where a reduced visibility countermeasure would be appropriate and how to select the most useful system for the specific site characteristics. We are currently considering updating this report and reissuing it. We are also looking for a fog-prone site where an additional experimental installation of a speed advisory system can be implemented.

SENATOR LAUTENBERG: National statistics indicate that fatalities within work zones have been increasing since 1985 to almost 800 in 1989, and many of the fatalities may be construction workers within the zones. What is FHWA doing to improve safety within work zones on interstate and non-interstate roadways?

ANSWER: It is difficult to project trends just from work zone fatal accidents because changes in the level of construction activity are not taken into account. However, the number of fatalities for 1988 and 1989 were virtually the same (780 and 782) and we currently estimate that annual fatalities may drop by about 10 percent in 1990.

FHWA is currently involved in several activities directed at improving work zone safety and efficiency:

- Sponsored a national symposium on improving safety and efficiency in work zones in January 1991.
- Developed special training videos for improved use of flashing arrow boards and delineation in work zones which will be distributed this year.
- Trained approximately 700 Federal, State, and local agency personnel were trained in safer work zone practices.
- Developed a new course to address proper work zone traffic control procedures for State and local maintenance crews. It will be offered next fiscal year.
- Conducting research in the areas of short term pavement markings, maintenance of work zone devices, determination of appropriate speed limits for work zones, and performance of truck-mounted attenuators.
- Updating Part VI of the Manual on Uniform Traffic Control Devices. Part VI is the section which deals with work zone traffic control and will be revised to include current devices and improved device layouts.

RESEARCH, DEVELOPMENT AND TECHNOLOGY

SENATOR LAUTENBERG: Please provide a specific breakdown of the $27.220 million requested for highway research and development according to the specific categories presented in pages 48 through 60 of your FY 1992 budget request. Please provide comparable FY 1991 data.

ANSWER: The following table shows the funding comparison of the 14 items included on pages 48 through 60 of the budget. Included in the FY 1991 level is $6.6 million for Technology Assessment.

(Dollars in thousands)

Program Item	FY 1991	FY 1992
A. Highways Research and Development	$18,056	$27,220
1. Safety	$9,454	$6,200
a. R&D: Highway Safety	$7,494	$6,200
(1) Highway Safety Information Management	$1,774	$0
(2) Human Factors Research for Highway Safety	$1,286	$2,633
(3) Pedestrian Safety	$399	$934
(4) Highway Safety Design Practices and Criteria	$2,989	$2,633
(5) New Traffic Control Methods and Devices	$1,046	$0[1]
b. Traffic Operations	$1,960	$0

2. R&D: Pavements and Structures	$6,828	$11,220
(1) Materials to Strengthen and Enhance Performance	$3,148	$4,097
(2) Construction, Repair and Rehabilitation of the Highway Infrastructure	$2,445	$3,261
(3) System Management to Increase Service Life	$894	$3,176
(4) Commercial Vehicles	$341	$686
3. Right-of-Way and Environment Research	$0	$3,000
(1) National Environmental Conference	$0	$150
(2) Corridor Preservation	$0	$850
(3) Hazardous Waste	$0	$400
(4) Technology and its Application	$0	$1,600
4. Policy and Planning Research	$1,774	$6,800
(1) Policy Research	$1,162	$5,800
(2) Planning Research	$612	$1,000

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[1] To be funded out of IVHS (Advanced Traffic Management Systems)

SENATOR LAUTENBERG: On page 50 of your budget submittal, FHWA states that it needs a state-of-the-art driving simulator for its research. Why is the "cadillac" of simulators, i.e., the NADS needed by FHWA? Won't smaller-scale simulators such as the one currently moving forward at the University of Iowa be sufficient to meet most of FHWA's needs? How about using foreign simulators? How much money is requested for this activity in FHWA's FY 1992 budget request?

ANSWER: Since 1983, the FHWA has successfully used its medium capability fixed base highway driving simulator (HYSIM) to study traffic control devices. However, the HYSIM does not have adequate capabilities to meet the majority of research requirements within the Intelligent Vehicle-Highway Systems and Driver Behavior and Highway Safety Human Factors programs. A more advanced simulator, with realistic motion capability, is required. Although these needs would be met by the National Advanced Driving Simulator (NADS), it will not be available until 1996; the FHWA is looking for an advanced simulator to supplement the HYSIM's capabilities until the NADS becomes operational.

The Iowa Driving Simulator, being developed by the University of Iowa, appears to have the required capabilities. The FHWA is planning to conduct a pilot project on that simulator in FY 1992 to assess its potential for meeting FHWA program requirements. The FHWA is hopeful that the pilot project is successful because the estimated hourly cost for using the Iowa simulator is only half of the hourly cost for using the Daimler-Benz simulator in Germany and the anticipated performance of the Iowa simulator will be better, in some respects, than the German simulator.

The FHWA has no funding in the FY 1992 budget for support of the NADS. However, FY 1992 funding will be used to determine if the Iowa Driving Simulator's capabilities can satisfy certain current FHWA simulator requirements.

SENATOR LAUTENBERG: With respect to the program requested on page 52 for "materials to strengthen and enhance highway performance," how much will be cost-shared with the private sector during FY 1992? How much is cost-shared during FY 1991.

ANSWER: Research in generic materials (soil, paint, concrete, steel, etc.) for highways, receives minimal amounts of cost-sharing from private industry. In most cases, industry will supply the materials and contractors will supply their labor/skills to place and sample the materials. Much of this research that the Federal Highway Administration (FHWA) undertakes in this area is driven by the needs of the owners and the users, such as better, less labor-intensive measurements of materials quality or to develop less hazardous, more environmentally acceptable alternative materials. The FHWA has not traditionally done research for materials/products with strong proprietary suppliers. In 1991, we estimate that less than 5 percent cost-sharing was indirectly supplied by the private sector and this will be about the same in 1992. Cost-sharing is interpreted as applicable to FHWA's contract research program. In a broader sense, industry "cost shares" to a considerable degree by sponsoring their own (no Federal funds) research on many of the areas. As part of FHWA's research program, management of this research is also monitored.

SENATOR LAUTENBERG: What are the specific benefits that will result from the $7 million requested for a multi-modal commodity and passenger flow survey in fiscal year 1992?

ANSWER: The surveys will measure commodity and passenger movement by all modes of transportation between and within all regions of the United States. Such information is central to the analysis of policy issues such as proposed transportation investments in congested intercity corridors, user charges, safety, international economic competitiveness, and national defense. The last national commodity and passenger flow surveys were conducted in 1977, before transportation patterns were changed significantly by factors such as deregulation and the growth of international trade. These surveys are designed to meet the highest priority data needs of the Department identified in the DOT Statement of National Transportation Policy.

SENATOR LAUTENBERG: Is it correct that the total costs for this survey are expected to be $15 million?

ANSWER: Estimates developed by the U.S. Bureau of the Census indicate a cost of $10 to 12 million for the commodity flow survey, while the passenger flow survey is estimated at $3 to 4 million.

SENATOR LAUTENBERG: Could these total costs be reduced?

ANSWER: Although it may be possible to reduce costs, the extent of data coverage, quality, and reliability regarding flows would be severely impacted. In planning for the 1982 surveys, the Bureau of Census determined that it would require a substantial increase in funding to correct methodological problems uncovered in its evaluations of the 1977 Commodity Transportation Survey and the 1977 National Travel Survey. The DOT and other Federal agencies failed to provide necessary funds in 1982 and again in 1987, not having the benefit of Secretary Skinner's emphasis on multi-modal policy to serve transportation markets. The DOT now recognizes the importance of intermodal transportation policies and a market approach to solve problems such as economic productivity and economic competitiveness which warrant complete, comprehensive and current data. While the estimates of cost currently appear reasonable, we obviously will be looking for efficiency in study methodology as the initiatives progress.

SENATOR LAUTENBERG: What cost-sharing measures or strategies have been explored?

ANSWER: FHWA is working on the design and implementation of these surveys with other operating administrations within DOT and with other interested Federal agencies through the DOT Transportation Data Coordinating Committee. The Bureau of Census is working with FHWA and other DOT staff to develop the Commodity Flow Survey, and will implement the survey following DOT specifications. The FHWA is initiating a scoping analysis of the passenger flow survey through the Volpe National Transportation Systems Center to refine specifications for its content. FHWA will work with other DOT staff to implement the most cost-efficient survey strategy to ensure a successful effort.

SENATOR LAUTENBERG: Could the scope of the study be reduced?

ANSWER: Any major reductions in the scope of the survey would result in significant data gaps. The DOT recognizes that multi-modal freight and passenger data are essential to understand and support a multi-modal approach to the resolution of transportation problems. This recognition is a direct outgrowth of the DOT's public outreach and internal studies in creating the National Transportation Policy.

SENATOR LAUTENBERG: Since the study is multimodal, should some of the costs be shared by the other Department of Transportation modes?

ANSWER: Although the proposed surveys cover all modes and could be funded from a portion of each operating administration's budget, implementation and management of the surveys will be much more efficient and effective if the program is consolidated in one place. FHWA has taken a leadership role in both funding and managing this initiative since the FHWA has the most to gain from the surveys and has the technical expertise to initiate these activities. Further, highway transportation is the only major mode that is not already covered by some type of commodity or passenger flow data, even though automobiles and trucks carry more tons, ton miles, and value of commodities than any other mode, and the vast majority of all passenger miles and person trips in the United States. Knowledge of freight and passenger flows by highways is even more important since most airline and railroad passenger trips, much long distance waterborne and railroad freight traffic, and nearly all local goods movements start and end on a motor vehicle. As noted earlier, FHWA is providing leadership to those studies extensive intermodal coordination is being maintained through the DOT Transportation Data Coordination Committee and appropriate subcommittees.

OFFICE OF MOTOR CARRIERS

SENATOR LAUTENBERG: The FY 1992 budget requests a substantial increase in travel expenditures for OMC. Why? In what ways have you attempted to reduce travel expenses? Does FHWA waive the government per diem rates for travel by OMC employees and allow actual expenses?

ANSWER: Travel expenses will increase in FY 1992 to keep pace with (1) the need for more safety and compliance reviews, (2) additional training at the Transportation Safety Institute, (3) increased monitoring of State activities, and (4) increased emphasis on enforcement requiring revisits to bring unsatisfactory carriers into compliance.

Carrier reviews are scheduled to minimize overall travel. FHWA waives GSA per diem rates for travel to allow actual expenses on a case-by-case basis when adequate lodging is not available at the per diem rate.

SENATOR LAUTENBERG: Please detail all of the important improvements in SAFETYNET and MCMIS during FY 1990 and FY 1991. The expenses for these systems continue to grow every year. What steps have you taken to reduce their costs?

ANSWER: In FY 1990, FHWA developed an accident module and training course for States on the module. In FY 1991, a new motor carrier profile was developed and implemented to provide State and Federal field investigators comprehensive data of carrier safety data. SAFETYNET inspection, accident and safety compliance data are now used to prioritize carrier technical assistance and reviews. A major element of the cost of these systems is the computer timesharing charges paid to the Transportation Computer Center. To keep these costs as low as possible we have implemented a microcomputer based system that is based on bi-weekly, bulk, file updates which are much less costly than "on-line" access. When testing and debugging software, we use microcomputers rather than the mainframe in Transportation Computer Center, which helps reduce computer operating costs.

SENATOR LAUTENBERG: List the amount, nature, and purpose of all major contracts relevant to other services and equipment for FY 1991. Which contracts are new?

ANSWER: Major contracts from this funding source in FY 1991 are: MCMIS Systems and Programming Support ($540,000). This contract will provide systems analysis and programming labor for the MCMIS database. MCMIS Data Entry ($434,000). This contract will provide for the labor required for keyed data entry into MCMIS. SAFETYNET Support ($50,000). This contract will provide user assistance to States using SAFETYNET. Laptop Support ($200,000). This contract will provide user assistance to State and Federal safety specialists using laptop systems for safety and compliance reviews.

SENATOR LAUTENBERG: You have requested four full-time permanent positions for highway routing. Will these positions be used in OMC for elsewhere in FHWA? How did you estimate the workload to justify four positions? In view of all the work done by RSPA on highway routing, why do you need so many positions for this task?

ANSWER: The four positions will be used by FHWA's Office of Safety and System Applications. The Hazardous Materials Transportation Uniform Safety Act of 1990 requires that regulations for the routing of hazardous materials establish a number of very specific standards for States or follow in designating these routes. Development of these standards will involve complex issues and extensive consultation with the States and local governments to ensure successful implementation of the law. FHWA's estimation of the workload to justify four positions was based on four factors:

- o the need for technical expertise in the routing of hazardous materials,
- o resources required to develop the regulations and to work closely with States, local governments, and various organizations (i.e. AASHTO, CVSA, etc.) during the regulatory phase;
- o the 18-month deadline for establishment of the routing standards; and
- o the ongoing resources needed to resolve disputes over routing designations.

FHWA needs the four positions to develop the Federal standards that States will follow when establishing, maintaining, and enforcing hazardous materials, routes, limitations, and requirements and to provide technical assistance to the FHWA field offices and States in implementing the new standards.

SENATOR LAUTENBERG: FHWA has requested five positions for permitting on page 93. How did you estimate this workload? Can some of the 17 additional inspectors requested handle some of these permitting tasks?

ANSWER: The Hazardous Materials Transportation Uniform Safety Act of 1990 requires that regulations be issued for safety permits within one year. Carriers must obtain a permit within one year of the permit regulations. FHWA intends to tie the permit process into the safety fitness rating process. Modifications will be made to the safety rating process to accommodate the new permitting requirements. FHWA estimated that two positions in Headquarters are needed for regulatory development. Three positions in the Regional Offices are needed to work with FHWA field staff and the States in implementing the new requirement.

Three of the 17 new inspectors will be dedicated to inspecting radioactive hazardous materials. The remaining 14 inspectors will develop training materials for State enforcement personnel, conduct training courses, and perform inspections for all other hazardous materials. The Act authorized these positions exclusively for the conduct of these inspections.

SENATOR LAUTENBERG: In view of the expected growth in MCSAP during the next few years, why didn't you request additional staff at FHWA headquarters to support an expanded MCSAP.

ANSWER: FHWA has adequate resources to support an expanded MCSAP program and the increased funding levels.

SENATOR LAUTENBERG: What leverage will FHWA have to encourage the MCSAP States to implement the Sanitary Food Transportation Act of 1990?

ANSWER: The FHWA will require MCSAP agencies to address sanitary food training, inspections, and enforcement as a condition of MCSAP funding.

MOTOR CARRIER SAFETY REVIEWS AND ENFORCEMENT

SENATOR LAUTENBERG: In prior years' appropriations hearings, the Congress expressed concern about the need for FHWA to conduct more safety and compliance reviews and to increase motor carrier safety enforcement efforts. In a January 1991 report, GAO stated that FHWA is unlikely to meet its goal of providing safety fitness ratings by September 30, 1992, to the 129,000 interstate motor carriers that still need to be rated. (Truck Safety: Improvements Needed in FHWA's Motor Carrier Safety Program, GAO/RCED-91-30, 1/9/91). Of the $49 million requested for fiscal year 1992, how much is for carrying out safety and compliance reviews and how does that compare with prior years' requests?

ANSWER: We expect that the level of staff activity devoted to safety and compliance reviews in fiscal year 1992 will be about the same as it has been in past few years. About two-thirds of the fiscal year 1992 amount requested is for carrying out safety and compliance reviews and to support the safety fitness procedures, about the same as fiscal year 1991.

SENATOR LAUTENBERG: What is the status of the hiring and training of the 150 additional inspectors authorized by the Congress in 1989 and what impact have they had on FHWA's safety and compliance reviews?

ANSWER: All 150 specialists have successfully completed their classroom training at the Transportation Safety Institute. They will complete their on-the-job training later this year. They will increase our capacity to rate more carriers and fulfill the mission of improving motor carrier safety.

SENATOR LAUTENBERG: What are FHWA's plans for rating the safety fitness of all interstate motor carriers? How many have received ratings to date, and what is the total universe of interstate motor carriers?

ANSWER: There are approximately 220,000 interstate motor carriers; 90,000 have been rated. Achieving the goal of rating all motor carriers is several years away. Our FY 1992 budget request takes into account the need to increase enforcement efforts and target our reviews on the most unsafe carriers. In addition, we plan to increase State participation in conducting safety reviews. This is reflected in the proposed funding for the Motor Carrier Safety Assistance Program in the Surface Transportation Assistance Act of 1991

SENATOR LAUTENBERG: Does FHWA's fiscal year 1992 budget request, as well as its plans for rating all interstate motor carriers, take into account GAO's conclusion that FHWA is unlikely to meet its goal of providing safety fitness ratings to all carriers by September 30, 1992?

ANSWER: There are approximately 220,000 interstate carriers; 90,000 have been rated. Achieving the goal of rating all motor carriers is several years away. Our FY 1992 budget request takes into account the need to increase enforcement efforts and target our reviews on the most unsafe carriers. In addition, we plan to increase State participation in conducting safety reviews. This is reflected in the proposed funding for the Motor Carrier Safety Assistance Program in the Surface Transportation Assistance Act of 1991.

SENATOR LAUTENBERG: What is the number of safety enforcement cases conducted and the amount of civil penalties collected in 1990 and 1991?

ANSWER: For FY 1990, 1,843 safety enforcement cases were conducted and $7,302,706 was collected in civil penalties. For the first four months of FY 1991, 579 safety enforcement cases have been conducted and $2,705,010 has been collected.

MOTOR CARRIER SAFETY ASSISTANCE PROGRAM

SENATOR LAUTENBERG: The budget request for fiscal year 1992 for the motor carrier safety grant program is about $60 million, approximately the same as for fiscal year 1991. During last year's appropriations hearings, the Congress expressed concern that a large number of vehicles placed out-of-service due to defects found during roadside inspections were returning to service without the defects being corrected. This condition was also reported in a September 1990 GAO report (Truck Safety: Need to Better Ensure Correction of Serious Inspection Violations, GAO/RCED-90-202, 9/28/90). How much of the requested amount goes to states to carry out roadside inspections and enforcement?

ANSWER: FHWA does not plan to earmark a specific amount of MCSAP funds for roadside inspections an enforcement. We estimate that about three-quarters of MCSAP funds is spent on this activity.

SENATOR LAUTENBERG: How many roadside inspections were conducted in 1990 and how many vehicles and drivers were placed out-of-service due to these inspections?

ANSWER: In FY 1990, about 1.6 million roadside inspections were conducted; 541,500 vehicles and 112,300 drivers were placed out-of-service.

SENATOR LAUTENBERG: What improvements have FHWA and the States made to provide better assurances that serious safety defects found during inspection are actually corrected?

ANSWER: During FY 1991, 15 States are conducting special MCSAP projects to establish vehicle reinspection activities. Over half the States involved in MCSAP are addressing the reinspection problem in the following ways:

- conducting terminal audits to check compliance with repair orders,
- requiring carriers to return inspection forms, certifying repairs have been corrected, and
- reinspecting vehicles at the inspection site.

In FY 1992, all States will be required to have a reinspection program that meets the requirements of the new rulemaking that is due to be published in August 1991.

SENATOR LAUTENBERG: Should funds be withheld from States that do not have an effective enforcement and follow-up program?

ANSWER: States will be required to have a reinspection program under regulations that will be completed in August 1991.

SENATOR LAUTENBERG: What is the operational status of SAFETYNET, FHWA's management information system for nationwide inspection and accident data?

ANSWER: The SAFETYNET System is operational and States are providing data to FHWA.

SENATOR LAUTENBERG: How many States have their 1990 inspection data in SAFETYNET?

ANSWER: Forty-five States have their 1990 inspection data in SAFETYNET.

SENATOR LAUTENBERG: What is the date that FHWA expects to have the accident part of SAFETYNET fully operational?

ANSWER: The accident module is operational. Twelve States have 1990 accident data in SAFETYNET. We expect the majority of the States to begin using the accident module over the next couple years.

SENATOR LAUTENBERG: What actions are FHWA taking to complete the SAFETYNET system and to make it a more effective system?

ANSWER: The next release of SAFETYNET, due January 1992, will include two new modules and one other revised one. The two new modules are the Safety Review/Compliance Review and the Reports Generation. The revised module is the Accident System, which will be enhanced from including minimal data elements to the full complement of data elements recommended by the National Governor's Association.

This release will provide States with a complete database of inspections, accidents, and safety and compliance review information which may be used to target motor carriers and to prioritize actions to be taken. FHWA is working closely with the three States and the District of Columbia, who are not currently uploading inspection data to FHWA, to resolve minor technical problems. FHWA is also encouraging States who are not currently uploading accident data to do so as soon as possible.

MOTOR CARRIER SAFETY ACT OF 1990

SENATOR LAUTENBERG: In a January 1991 report (Truck Safety: Improvements Needed in FHWA's Motor Carrier Safety Program, GAO/RCED-91-30, 1/9/91), GAO reported that 70 percent of the motor carriers assessed under the safety review program since 1986 had received a less than satisfactory rating (conditional or unsatisfactory). To improve FHWA's motor carrier activities, the Motor Carrier Safety Act of 1990, placed new requirements on the motor carrier safety rating program.

- A motor carrier with an FHWA unsatisfactory safety rating must improve its rating to satisfactory or conditional within 45 days or it will not be allowed to transport hazardous materials or 15 or more passengers.

- If requested to do so by a carrier that has received an unsatisfactory safety rating, FHWA must review within 30 days the conditions and other factors that resulted in the rating.

- Federal agencies may not use a motor carrier that has an unsatisfactory safety rating to transport hazardous materials or 15 or more passengers.

- The Secretary of Transportation must establish a system to make available to the public the safety rating of motor carriers rated unsatisfactory.

- The Secretary must establish procedures to require that an enforcement action be initiated for serious safety violations found at the time of the safety review, compliance review, or other inspection or audit activity.

SENATOR LAUTENBERG: What actions has FHWA taken on each of the above requirements?

ANSWER: An Interim Final Rule is under review within the Department to prohibit a motor carrier that receives an unsatisfactory safety rating from transporting hazardous materials in quantities requiring placarding or transporting more than 15 passengers, including the driver.

Under procedures already implemented, FHWA reviews the conditions and other factors that resulted in an unsatisfactory" safety rating within 30 days of a request.

Under the Interim Final Rule, any motor carrier receiving a safety rating of unsatisfactory will be ineligible to contract or subcontract with a Federal agency for the transportation of hazardous materials in quantities requiring vehicle placarding more than 15 passengers, including the driver.

FHWA is preparing a Notice of Proposed Rulemaking to notify the public by publication in the Federal Register about those carriers receiving an unsatisfactory safety rating and those carriers previously rated unsatisfactory who have improved their rating to conditional or satisfactory since the last Federal Register notice.

Operational procedures were developed and implemented to require motor carrier safety specialists to initiate, enforcement action for serious safety violations. These procedures identify specific serious violations including falsification of driver's records of duty status and falsification of medical certificates. Operational procedures were developed and implemented in January 1991.

SENATOR LAUTENBERG: What further actions does FHWA plan to take during fiscal year 1992 to implement each of the above requirements?

ANSWER: We will proceed with the regulations and closely monitor implementation of the new procedures.

SENATOR LAUTENBERG: Specifically, what enforcement actions does FHWA plan to take for serious safety violations?

ANSWER: Whenever a serious safety violation that can be documented is discovered during a safety or compliance review the safety specialist is required to prepare an enforcement report. This operational procedure has effectively implemented the Congressional requirement for initiation of enforcement actions when serious safety violations are discovered.

Violators are subject to a civil penalty (i.e., as using unqualified drivers or falsification of logs) up to $1,000 per violation.

SENATOR LAUTENBERG: How many motor carriers has FHWA closed down due to unsatisfactory safety fitness ratings?

ANSWER: FHWA closed down a motor carrier early this year who was rated unsatisfactory and was determined to pose an imminent hazard.

SENATOR LAUTENBERG: Do these activities require an increase in FHWA's funding? If so, how much has been added to the fiscal year 1992 request for these activities?

ANSWER: No additional funding is needed. Included in the FY 1992 budget request is $75,000 for the funding of two new full-time permanent positions for the development of regulations to implement the provisions of the Motor Carrier Safety Act of 1990

SAFETY BONUS GRANTS FOR HIGHWAY SAFETY

SENATOR LAUTENBERG: The fiscal year 1992 budget request states that FHWA and NHTSA will jointly manage a special safety incentive program for reducing highway accidents and accident severity by strengthening state driver requirements and performance criteria. The budget requests $50 million for highway safety and alcohol safety incentive grants. The requested amounts are included in the NHTSA portion of the budget.

How does a State become eligible for these grants?

When will State eligibility criteria be established?

What procedure will be used for determining the size of grants a State can receive?

ANSWER: Eligibility will be based on a State's meeting various criteria. The more criteria met the more bonus received. In Fiscal Year (FY) 1992, a State will receive bonus based on meeting criteria established in the legislation for Alcohol Programs, Seatbelts, and/or Fatality Rates. The alcohol bonus program criteria will be established pursuant to 23 USC 408 and 410 will be used to identify States eligible for an alcohol program bonus. States having a safety belt use law will be eligible for a bonus. States having a fatality rate that is at least 10 percent below the national fatality rate for the most recent 2 years for which data is available or that has declined so that the State's average rate for the most recent 2 years is at least 10 percent below its average of the previous 3 years will also be eligible for a bonus.

In FY 1993-96, a State will receive bonus funds based on meeting criteria according to a 12 credit bonus formula. One-third of the points can be earned with alcohol programs. Following the passage of the legislation, rulemaking will be initiated to establish safety criteria for six additional areas:
1) pedestrian/bicyclist safety, 2) heavy truck safety, 3) motocycle safety, 4) emergency medical services, 5) public information and education, and 6) crash data collection and analysis.

States will earn bonus credits according to the number of criteria met. Each State's total credits will be multiplied by its Urban/Rural ratio. This product for a State, when divided by the sum of such products for all States, represents that State's bonus ratio. Each State's bonus will then be determined by multiplying the State's bonus ratio by the total bonus funds available.

SENATOR LAUTENBERG: **What will be the maximum grant a State may receive?**

ANSWER: Theoretically, one State could receive all $80 million in Fiscal Year 1992. This could occur if one State met one or more criteria and none of the other States met any of the criteria.

However, in Fiscal Year 1992, this will not occur as virtually all the States now will meet one or more of the criteria. In the subsequent years, the States are expected to meet increasingly more criteria.

SENATOR LAUTENBERG: How successful have the alcohol safety incentive grants been in the past?

ANSWER: As a group, States qualifying for alcohol safety incentive grants under Section 408 have made more progress than other States in terms of program improvements and reductions in the proportion of their fatalities that involve an intoxicated driver. The first group of States to qualify for 408 funding (a group of 10 States) reduced the proportion of intoxicated driver-related fatalities from 30 percent in 1982 to 22 percent in 1986 (a 27 percent reduction).

Regarding program improvements, an analysis of the recommendations of the Presidential Commission on Drunk Driving indicates that 408 States have implemented 78 percent more of the Commission's recommendations than have non-408 States.

SENATOR LAUTENBERG: Since the funding for these grants is in the NHTSA portion of the budget, what role will FHWA play in administering this program? How will FHWA's involvement be funded?

ANSWER: This program would be funded from FHWA and NHTSA 402 programs, FHWA's Urban and Rural Program and a new alcohol safety grant authorization. Total funds available for safety bonuses would be as follows:

Fiscal Year	1992	1993	1994	1995	1996
Alcohol Safety	$25	$25	$25	$25	$25
NHTSA 402	$25	25	25	25	25
FHWA 402	$25	25	25	25	25
FHWA Urban/Rural	$ 5	55	80	105	130
Total	$80	$130	$155	$180	$205

The bonus program would be jointly administered by the FHWA and NHTSA. At least $75 million each year would have to be spent on FHWA or NHTSA 402 highway safety programs. At least $25 million of the $75 million must be spent on alcohol programs. The remaining funds in FY 1993 and later years could be used for any highway, transit, or highway safety activity using FHWA Federal-aid highway procedures.

SENATOR LAUTENBERG: FHWA's highway-related safety grants program proposes to use a portion of the $35 million requested for that program for incentives to accelerate the advancement of highway safety efforts in proven crash and injury countermeasures. How does the joint NHTSA/FHWA special incentive safety program relate to FHWA's highway related safety grants program?

ANSWER: Section 402 is the mainstay of the Federal, State, and community highway safety program. Under the proposed reauthorization, Section 402 will continue to provide funding stability for State Highway Safety Programs through the States' highway safety agencies. It will serve as a catalyst, providing seed money for States and communities to initiate new activities and institutionalize proven life saving programs.

The Section 402 program will be expanded to provide bonuses to accelerate the advancement of highway safety in the areas of proven crash and injury reduction.

The bonus criteria and additional funds will augment the ongoing Section 402 program and strengthen joint FHWA-NHTSA safety coordination and activities.

SENATOR LAUTENBERG: Will any programs in the fiscal year 1991 budget be superseded by this new program? If so, which ones?

ANSWER: The two alcohol incentive programs authorized under Sections 408 and 410 of Title 23, United States Code, would be incorporated into the new Safety Bonus Program.

The Hazard Elimination Program, Section 152, and Rail-Highway Crossing Program, Section 130, would be deleted by this legislation but the bonus funds could be used to fund similar safety improvements.

HIGHWAY RELATED SAFETY GRANTS

SENATOR LAUTENBERG: FHWA provides grants to states to implement highway standards and safety programs in accordance with the highway safety program. The budget request of $35 million represents a 250-percent increase over the fiscal year 1991 request. What is the basis for the large increase in this year's request?

ANSWER: The current level of $10 million will continue to be used for the basic FHWA Section 402 Highway-Related Safety Program. These funds will be used to improve safety data collection and programming systems, conduct special problem studies and analyses, and provide training and technical guides.

The additional $25 million from FHWA would be used for the safety bonus program. These funds, along with other safety bonus funds from NHTSA, new alcohol funding, and the FHWA Urban/Rural program, will be provided as an incentive for States that take specific actions to advance highway safety.

SENATOR LAUTENBERG: What specific plans does FHWA have for using the funds requested?

ANSWER: The $10 million will continue to be used for the basic FHWA Section 402 Highway-Related Safety Program which serves as the building blocks for safety construction and traffic operational improvements at the State and local levels. Funds are used to improve safety data collection and programming systems, conduct special problem studies and analyses, and provide training and technical guides. In the process, interaction with vehicle and driver-related programs are improved, and needed emphasis is given to local problems such as traffic operations and pedestrians. We will continue to provide these needed activities through the State highway safety agencies.

The additional $25 million from FHWA would be combined with other safety bonus funds. The funds would be provided to qualifying States for specific actions to advance highway safety. These actions include expanded support of the safety programs such as corridor safety improvement programs and pedestrian safety programs. The funds would provide the States increased flexibility to initiate proven crash and injury countermeasures to meet their conditions, needs and concerns.

SENATOR LAUTENBERG: What amount of these funds will be used for highway safety incentives to the States?

ANSWER: At least $75 million each year would have to be spent on 402 highway safety programs, either FHWA or NHTSA administered. A minimum of $25 million of the $75 million must be spent on alcohol programs. In FY 1993 and later years, any funds exceeding the $75 million could be used for any highway, transit, or highway safety activity using FHWA Federal-aid highway procedures.

Total funds available for safety bonuses would be as follows:

Fiscal Year	1992	1993	1994	1995	1996
Alcohol Safety	$25	$25	$25	$25	$25
NHTSA 402	$25	25	25	25	25
FHWA 402	$25	25	25	25	25
FHWA Urban/Rural	$ 5	55	80	105	130
Total	$80	$130	$155	$180	$205

SENATOR LAUTENBERG: The NHTSA budget contains a new program called Safety Bonus Grants Program and includes a request for $25 million for highway safety incentive bonus grants to States and $25 million for alcohol incentive bonus grants to States. The program is to be jointly managed by NHTSA and FHWA. What are the differences between the program in the NHTSA budget and the highway safety incentives in the FHWA budget request?

ANSWER: The program in the NHTSA budget and the incentives in the FHWA budget request are for the same jointly managed NHTSA/FHWA safety bonus program. The $25 million for the bonus grants and the $25 million for the alcohol bonus in the NHTSA budget and the $25 million in the FHWA budget request are for the Safety Bonus program described in S 610 Title II - Highway Safety Act of 1991 Section 402 (h)(1).

Total funds available for safety bonuses would be as follows:

Fiscal Year	1992	1993	1994	1995	1996
Alcohol Safety	$25	$25	$25	$25	$25
NHTSA 402	$25	25	25	25	25
FHWA 402	$25	25	25	25	25
FHWA Urban/Rural	$ 5	55	80	105	130
Total	$80	$130	$155	$180	$205

FEDERAL/STATE RATIO FOR MCSAP GRANTS

SENATOR LAUTENBERG: The Motor Carrier Safety Assistance Program (MCSAP) provides grants to states to enforce federal and compatible state standards applicable to commercial motor vehicle safety. The federal/state ratio to fund the grants has been 80/20 percent, respectively. The administration proposes to reauthorize this program for fiscal year 1992 and beyond and change the federal/state ratio to 75/25 percent. What is the basis for reducing the federal share?

ANSWER: The Federal share was reduced to be consistent with the objectives of the National Transportation Policy and the other funding provisions for the Federal-aid highway program. By reducing the Federal share and increasing the funding level, we expect the States to expand their financial commitment to motor carrier safety and more activity to be leveraged with federal dollars.

SENATOR LAUTENBERG: What impact will this reduction have on state efforts to carry out activities funded by these grants, such as roadside Inspections and motor carrier safety reviews?

ANSWER: The reduction in the Federal share is in combination with an increase in the Federal funding level. The two proposals in combination should boost motor carrier safety activities nationwide. We recognize that all States are feeling the impact of the recession on their budgets. Our proposal does call for an increase in overall motor carrier safety spending, with increases by both the Federal and State governments. Many State and local governments already invest independently in motor carrier safety programs. The reduction in the Federal share will rechannel some State funds already being spent on motor carrier safety to the federal program activities. Historically States have increased their own resources to meet increased Federal matching requirements.

DATA FOR MONITORING TRUCK SAFETY

SENATOR LAUTENBERG: In 1990 the Transportation Research Board (TRB) issued a report, Data Requirements for Monitoring Truck Safety. The report concluded that "Existing truck accident and travel data programs do not provide adequate information for essential government regulatory or planning functions." The report recommended the development of a National Monitoring System to assemble accident and travel data for medium and large trucks on an ongoing basis nationwide. The report estimated that $600,000 in federal start-up costs and $2 million in annual operating costs would be necessary (includes 5 full-time staff). How much is FHWA requesting in this budget for all FHWA data bases? Please list each data base and the funds allocated for fiscal year 1991 and requested for fiscal year 1992.

ANSWER: The Motor Carrier Management Information System is a single, integrated database containing the comprehensive safety performance records of individual interstate motor carriers. These data come from the States (via SAFETYNET), Federal investigators and motor carriers.

Funds allocated for the routine operation of the MCMIS database system as well as improvements to meet new legislative and programmatic requirements were $3.580 million in FY 1991 and for FY 1992 $3.972 million is requested. For computer equipment to support this system $1.020 million was allocated for FY 1991 and $1.690 million requested for FY 1992.

SENATOR LAUTENBERG: What action has FHWA taken on TRB's recommendation to establish a National Monitoring System?

ANSWER: The TRB report recommended a two-phase approach to improving truck accident and travel data. In the first phase DOT, in cooperation with other agencies, would assemble all the available truck accident data from all agencies, reconcile the data and issue periodic reports until the second recommended phase, the National Monitoring System, was in place. The first phase was accomplished in early 1990 with the publication by NHTSA, with the cooperation of FHWA and RSPA, of "A Summary of Fatal and Nonfatal Crashes Involving Medium and Heavy Trucks in 1988." The 1989 version is in preparation.

In a related action, beginning in calendar year 1990, with funding provided by FHWA, NHTSA expanded its General Estimates System to collect 10,000 truck crashes per year (up from 2500). It is anticipated that this will dramatically improve the already useful data published in report mentioned above. Because of the very high cost of the National Monitoring System proposed by the TRB report it was decided to wait for the 1990 version of the new report to see if it would provide a similar level of data at a much lower cost. We are assessing the need for establishing a system as ambitious as the National Monitoring System.

SENATOR LAUTENBERG: Does this budget provide any specific funds to establish a National Monitoring System? If not, why not?

ANSWER: No. Due to the very high costs of the National Monitoring System proposed by the TRB report, and due to concern that the TRB estimates may well be low, we decided to wait for the publication of the 1990 version of the report, "A Summary of Fatal and Nonfatal Crashes Involving Medium and Heavy Trucks," to determine if it would fulfill our requirements at a lower cost.

SENATOR LAUTENBERG: Does FHWA agree with the report's conclusions that existing FHWA data bases lack the information essential for regulatory and planning functions?

ANSWER: FHWA agrees with the conclusion that existing data bases need improvements. We are working with NHTSA to collect better and more complete information on truck crashes.

SENATOR LAUTENBERG: What are the major weaknesses in the existing FHWA data bases and what action is FHWA taking to overcome these weaknesses? How much funding is in this budget for this purpose?

ANSWER: The major weakness in the FHWA truck and bus accident data, as pointed out in the TRB report, is underreporting by carriers. To improve the MCMIS accident database, FHWA will compare accident reports submitted by motor carriers to State-submitted accident information in SAFETYNET and notify carriers when discrepancies are found. The cost of this operation is about $25,000 per year.

The longer term remedy is to rely on SAFETYNET accident data, which are obtained from police accident reports. Support for the entire SAFETYNET system is approximately $210,000. The State data collection and processing costs of the accident system are covered under the Motor Carrier Safety Assistance Program and are about $25,000 per State per year or a total of about $1.275 million when all 51 jurisdictions are participating.

The TRB report discusses weaknesses in the level of truck travel (vehicle mile) data in another FHWA database, the Highway Performance Monitoring System (HPMS). The sample design for the HPMS is intended to answer questions about generic groups of vehicles at the State level or on the major arterials systems by State.

FHWA is conducting research to determine the level of additional traffic data collection needed to answer route or site specific truck-related questions. The one-time research costs are estimated to be $300,000 over fiscal years 1991 and 1992. The reporting of site specific data to the HPMS is estimated to be and additional $1,000 per state and $10,000 in FHWA processing costs.

The cost of data collection in FY 1992 is estimated to be $2,000 per State or about $104,000 nationally. The processing of the data within FHWA is done by staff and is estimated to cost an additional $15,000

VARIANCES IN TRUCK ACCIDENT STATISTICS

SENATOR LAUTENBERG: The National Highway Traffic Safety Administration's (NHTSA) General Estimates System (GES), based on a probability sample of police-reported crashes, estimated that there were 369,000 crashes that involved medium/heavy trucks in 1988, of which 7,000 involved severe or fatal injury. NHTSA's Fatal Accident Reporting System (FARS) for 1988 reported 5,249 medium and heavy trucks involved in fatal accidents in 1988, with 5,750 victims (both occupants and non-occupants).

For 1988, the National Safety Council estimated that 15,900 trucks were involved in fatal accidents, and 6 million trucks were involved in all accidents.

Finally, the Federal Highway Administration's (FHWA) motor carrier tally for 1988, based on self-reporting by the carriers, was 31,324 accidents, which resulted in 3,325 deaths and 31,440 injuries.

Recognizing that differences exist in reporting criteria, has FHWA or, to FHWA's knowledge, other DOT agencies or offices tried to reconcile these disparate estimates? If so, what were the conclusions reached?

ANSWER: FHWA does not believe it is necessary to resolve all the disparities among the data. The reporting criteria are different because FHWA, NHTSA, and the National Safety Council collect data for different purposes.

SENATOR LAUTENBERG: To the extent that under-reporting is a major reason for the low FHWA count what, if anything, can be done to correct this disparity?

ANSWER: Past analyses have indicated that accidents reported by the carriers themselves are considerably under-reported. The new (1988) DOT vehicle marking requirement combined with the SAFETYNET accident module, begun in 1990, should correct the problem. The SAFETYNET accident system is being implemented in two phases. In the first phase States are reporting only five data elements: carrier name and DOT/ICC number, date, time and location. These State reports will be compared to carrier reports to ensure that the more detailed carrier report has been filed. In the second phase States will report, at a minimum, all 23 of the "NGA data elements." These are the truck accident data elements agreed upon by a task force of government and industry experts convened by the NGA in 1987-88 under FHWA sponsorship. Once a sufficient number of States are filing phase two truck accident reports, the current plan is to discontinue carrier reporting of accidents.

SENATOR LAUTENBERG: NHTSA's GES shows a 1:10 ratio of injury/death to total crashes, in contrast, the FHWA ratio is closer to 1:1. How much of this difference can be explained by differences in reporting threshold, failure to report, or other reasons? If this question has not been researched, can it be done?

ANSWER: We find the GES ratio to be 1:3 injuries plus fatalities to total crashes, not 1:10. For the carrier self-reported accidents, the ratio of 1:1 appears correct. The primary reason for the disparity between the two sources is that is that the GES threshold is whatever each State uses ($250-$500 damage), while the FHWA threshold is $4,400 damage. No research is needed to explain this result. In the future, as FHWA uses the SAFETYNET reported accidents following the National Governor's Association's tow-away threshold, the NHTSA and FHWA data will be more comparable.

TRUCK WEIGHT ENFORCEMENT

SENATOR LAUTENBERG: How much of a problem does FHWA consider overweight trucks to be? What studies/data does FHWA have to support this opinion?

ANSWER: Overweight trucks are considered a problem due to the accelerated pavement and bridge damage that occurs.

Data from weigh-in-motion surveys and weigh scale bypass studies indicate that in some States as many as ten to twenty percent of trucks are overweight. These data were last summarized in the FHWA report "Overweight Vehicles-Penalties & Permits" covering FY 1987, dated January, 1989.

SENATOR LAUTENBERG: How does FHWA determine the effectiveness of state weight enforcement programs? What criteria are used when assessing the state programs for certification?

ANSWER: FHWA determines the effectiveness of State weight enforcement programs by comparing the States' enforcement certification against its annual size and weight enforcement plan. The measures of activity include, number of weighings, number and type of citations issued, and the number and type of permits issued. FHWA then determines the adequacy and effectiveness of the State's size and weight enforcement program.

SENATOR LAUTENBERG: What effect will adding weight enforcement duties to the Motor Carrier Safety Assistance Program (MCSAP) have on state enforcement efforts and on the MCSAP in general?

ANSWER: Weight enforcement would be newly eligible for MCSAP funding. We believe it should be an enhancement to existing State activities. It is limited to additional costs beyond those currently incurred by a State for weight enforcement. Our motivation for making weight enforcement eligible for MCSAP is two-fold. One, overweight trucks are a good surrogate for unsafe trucks. Two, truck and bus enforcement activities should be comprehensive (unless they are one in the same). People who conduct safety inspections should talk to the folks who weigh trucks; their efforts should be coordinated.

SENATOR LAUTENBERG: What actions is FHWA planning to take to increase state enforcement activity concerning scale avoidance? What priority will this activity receive? How will FHWA encourage higher penalties for scale avoidance and overweight trucks?

ANSWER: This issue is important to FHWA. Under the proposed Surface Transportation Assistance Act of 1991, weight would be newly eligible for MCSAP funding. We believe this provides the States the additional resources needed to help address the overweight truck problem. MCSAP also will provide a mechanism for States to establish an effective, uniform penalty structure.

SENATOR LAUTENBERG: Has FHWA developed a uniform penalty schedule for use by all states?

ANSWER: No.

SENATOR LAUTENBERG: Does FHWA have authority to impose uniform enforcement and penalty schedule on states? If not, has FHWA requested this authority from the Congress?

ANSWER: FHWA does not have the authority to unilaterally preempt existing State laws in this area and has not requested such authority from Congress.

SENATOR LAUTENBERG: What action can FHWA take to discourage states from grandfathering in issuance of multiple-trip divisible load permits? Will FHWA challenge recent court decisions on this?

ANSWER: If a State has a substantiated grandfather right to issue multiple trip divisible load permits, we have no recourse but to allow their use. However, recent responses to Montana and Kansas do challenge the legal basis of some current divisible load permitting practices.

Section 127 is enforced by withholding Federal-aid funds, not by injunctive action. However, if Montana or Kansas files suit over our recent decisions, we will defend our position and argue that the reasoning of the court decisions involving Montana, 1974 and South Dakota 1981 and 1985, is incorrect. Many of the arguments made by States on this issue over the last 10 to 15 years have been based on the 3 decisions mentioned.

The Executive Director's April 1 memorandum to Region 8 specifically referred to State ex rel. Dick Irvin, Inc. v. Anderson, 525 P.2d 564 (1974), the Montana Supreme Court case which provides most of the rationale for divisible load permits. The memorandum said "we think the decision was incorrect on the critical point." The Administrator's April 8 letter to the Secretary of the Kansas Department of Transportation implicitly rejected the holding of South Dakota Trucking Association v. South Dakota Department of Transportation, 305 N.W.2d 682 (1981), though it did not mention the case. The most recent decision is Janklow v. Dole (Civ. 84-4268), an unreported 1985 case from a U.S. District Court in South Dakota. The FHWA was a party to this case and failed to appeal the judgment. We are therefore bound by the decision with respect to South Dakota. The ruling has no precedential effect anywhere else.

SENATOR LAUTENBERG: The new highway reauthorization bill would authorize FHWA to withhold 10 percent of the National Highway System funding from a state that fails to enforce all of its vehicle size and weight laws. Will this provide FHWA with adequate authority to ensure that states adequately enforce truck size and weight laws?

ANSWER: Yes. The dollar amounts represented by ten percent of a State's proposed National Highway System funding apportionment are substantial. No State can afford to forfeit this money without adversely affecting its highway transportation program.

SENATOR LAUTENBERG: Will FHWA determine whether States adequately enforce size and weight laws or will this be self-reported by the States? Has FHWA ever withheld funds from a State for any reason? Does FHWA need any additional authority to enhance enforcement?

ANSWER: The FHWA will continue to evaluate the adequacy of States' size and weight enforcement programs.

FHWA has temporarily withheld apportionments or parts thereof, from several States for noncompliance with size and weight, 55 MPH speed limit outdoor advertising control, inadequate junkyard screening programs, and 21 year old drinking requirements. Only South Dakota over outdoor advertising and Puerto Rico over drinking age, have ever permanently lost Federal-aid highway funds, i.e., funds were withheld and reapportioned to the other States. In most instances, withheld funds were ultimately restored to the States in question.

No, the FHWA does not need additional enforcement authority. The Federal Highway Administration - State partnership historically has worked well toward achieving common goals.

SENATOR LAUTENBERG: How much is FHWA requesting in the fiscal year 1992 budget for weight enforcement?

ANSWER: The FHWA estimates it will need approximately $300,000 in FY 1992 to monitor and evaluate the States' size and weight enforcement programs.

SENATOR LAUTENBERG: Update the OMC safety statistics chart (table 1) for years 1985 through 1989 found on page 595 of Senate Hearing 101-865, part 2.

ANSWER:

Table 1. -- FHWA COMMERCIAL MOTOR CARRIER SAFETY STATISTICS

Year	1983	1984	1985	1986	1987	1988	1989
Total Accidents	31,628	36,853	39,273	26,176	28,472	31,334	35,341
Fatalities	2,528	2,721	2,646	2,609	2,815	3,325	3,451
Injuries	26,692	29,149	28,988	25,092	27,450	31,440	34,653

Effective in 1986, the minimum reporting threshold for property damage accidents was increased from $2,000 to $4,200, and again in 1987 and subsequent years to $4,400 in order to more accurately account for the effects of inflation. This caused what appeared to be a dramatic decrease in accident counts from 1985 to 1986. FHWA believes the increase in accidents reported in 1988 is primarily the result of more widespread compliance with the accident reporting regulations.

SENATOR LAUTENBERG: Update table 10 on workload data found on page 600 of Senate Hearing 101-865, part 2.

ANSWER:

Table 10.--OFFICE OF MOTOR CARRIERS
WORKLOAD DATA

	Fiscal Year					
	1985	1986	1987	1988	1989	1990
Number of driver/vehicle inspections	16,046	10,027	910	238	2,357	3,039
Number of safety audits/ reviews	10,492	6,637	23,714	29,655	18,422	19,038
Number of investigations	2,316	2,590	885*	919	1,609	1,843
Number of enforcement cases prosecuted and closed	739	529	498	456	1,133	1,551
Amount of fines collected ($000s)	788.9	1,877.3	2,009.6	1,998.6	4,591.1	7,302.7

*Beginning in FY 1987, investigations without evidence are included in safety audits/reviews.

BRIDGE PROGRAM

SENATOR LAUTENBERG: For the bridges program, provide a list of federal funds needed to complete projects already begun as found on page 620 of Senate Hearing 101-865, part 2.

ANSWER: In the HBRRP discretionary bridge program, the funds needed to complete projects already begun are:

FEDERAL FUNDS NEEDED TO COMPLETE PROJECTS ALREADY BEGUN

1.	Franklin Street	IL	$ 2.2 million
2.	Clark (US 67)	IL/MO	5.6
3.	Burlington	IA/IL	4.1
4.	Million Dollar	ME	106.0
5	Bloomington Ferry	MN	40.2
6.	Brooklyn	NY	19.8
7.	Queensboro	NY	31.9
8.	Manhattan	NY	158.0
9.	Jamestown	RI	7.0
		Total	$374.8 million

SENATOR LAUTENBERG: Update the list by state found on page 621 of Senate Hearing 101-865, part 2 on estimated costs to rehabilitate or replace deficient bridges eligible for HBRRP.

ANSWER: The estimated costs to rehabilitate or replace deficient bridges is no longer maintained in a list on a State by State basis as noted on page 621 of Senate Hearing 101-865, Part 2. The costs are now found in a table which is based on functional classification and gives a sum for each rural and urban classification on a nationwide basis.

Estimated Investment Requirements by All Units of Government by Functional System to Eliminate All Bridge Deficiencies Existing in 1989
(Millions of 1989 dollars)

Functional System	Rehabilitation	Widening	Replacement	Total
Rural				
Interstate	985	2,561	6,226	9,772
Other Principal Arterial	405	2,471	4,764	7,640
Minor Arterial	386	3,128	3,412	6,927
Major Collector	417	2,760	3,749	6,927
Minor Collector	184	785	1,757	2,726
Subtotal Non Local	2,377	11,705	19,910	33,992
Local	378	1,359	8,406	10,143
Subtotal Rural	2,755	13,064	28,316	44,135
Urban				
Interstate	3,417	4,679	8,528	16,624
Other Freeway & Expressway	1,012	1,692	3,935	6,639
Other Principal Arterial	957	2,662	8,723	12,342
Minor Arterial	481	2,229	3,620	6,330
Collector	211	696	1,294	2,201
Subtotal Non Local	6,079	11,958	26,099	44,136
Local	231	682	1,753	2,666
Subtotal Urban	6,310	12,640	27,852	46,802
Total Non Local	8,456	23,663	46,009	78,128
Total	9,064	25,704	56,168	90,937

Source: BNIP model run using 1989 NBI data.

SENATOR LAUTENBERG: Update the listing of discretionary funds (PGS. 621-623) released for the bridge program (include each bridge project's rating factor), including to date fiscal year 1991.

ANSWER: The following tables list the information for the four fiscal years:

DISCRETIONARY BRIDGE PROGRAM

FUNDED PROJECTS FY 1988

Bridge Name	State	Discretionary Bridge Funds Received in FY 1988	Rating Factor
W.R. King	AL	$ 13,443,120.00	3.91
Potato Slough	CA	15,160,000.00	5.95
Speer Blvd	CO	11,539,200.00	.73
Niantic River	CT	19,338,320.00	4.29
Acosta #	FL	12,300,000.00	82.49
Wailoa	HI	4,400,000.00	1.00
MLK	IL	15,960,000.00	2.62
Franklin Street	IL	200,000.00	*
Staley Viaduct	IL	2,203,000.00	2.85
Burlington	IA	16,357,000.00	*
Natchez-Vidalia	MS	1,100,000.00	*
W. Pennway	MO	2,408,764.00	1.48
Nebraska City	NE	827,322.21	*
Wells Avenue	NV	12,080,000.00	6.47
Notre Dame	NH	10,000,000.00	6.43
Father Baker	NY	5,050,000.00	7.21
Girard & Belmont	PA	16,100,000.00	15.09
James Island	SC	61,939,400.00	*
Karnes	TN	1,518,000.00	6.16
	Total	$221,924,126.21	

Special Legislation

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

FUNDED PROJECTS FY 1989

Bridge Name	State	Discretionary Bridge Funds Received in FY 1989	Rating Factor
Cochrane	AL	$ 2,346,558.00	*
Arroyo Seco	CA	12,696,000.00	5.88
Acosta #	FL	50,000,000.00	82.49
Franklin Street	IL	6,400,000.00	*
Dubuque Eagle Pt.	IA	23,671,000.00	*
Million Dollar	ME	8,240,000.00	*
Lake Street	MN	9,100,000.00	5.90
W. Pennway	MO	4,186,316.00	1.48
Notre Dame	NH	600,000.00	6.43
Father Baker	NY	21,120,000.00	7.21
Queensboro	NY	41,250,000.00	*

Main Avenue	OH	521,958.00	8.75
South Slough	OR	9,870,000.00	4.35
West End	PA	15,028,800.00	1.61
Old Williamstown	WV	15,200,000.00	6.52
	Total	$217,284,074.00	

# Special Legislation

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

FUNDED PROJECTS FY 1990

Bridge Name	State	Discretionary Bridge Funds Received in FY 1990	Rating Factor
Cochrane	AL	$ 12,056,300	*
Franklin St.	IL	10,792,000	*
Clark(US67)	IL	29,337,919	2.57
Burlington	IA/IL	28,585,846	*
Million Dollar	ME	2,400,000	*
SR115/MoR	MO	5,900,588	2.72
Grassy Sound	NJ	10,263,000	7.04
Brooklyn	NY	31,700,000	*
Manhattan	NY	5,520,000	*
Main Avenue	OH	40,898,000	8.75
Pasko Kennewick	WA	800,000	*
Old Williamstown	WV	1,500,000	6.52
Weirton Steuben.	WV	400,000	*
Sixth Street	WV	20,000,000	5.38
	Total	$200,153,653	

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

FUNDED PROJECTS FY 1991 (TO DATE)

Bridge Name	State	Discretionary Bridge Funds Received in FY 1991	Rating Factor
G.S. Houston	AL	$ 11,696,000.00	1.47
J. P. Sousa	DC	17,600,000.00	3.81
Franklin St.	IL	18,249,000.00	*
Clark (US67)	IL	26,400,000.00	2.57
Julien Dubuque	IA	12,280,000.00	10.11
Rt.450/Severn R.	MD	32,200,000.00	5.73
Military Street	MI	8,592,000.00	1.01
Bloomington Ferry	MN	9,680,000.00	11.38
SR115/Mo. R.	MO	8,090,000.00	2.72
Manhattan	NY	19,416,000.00	*
Cape Fear River	NC	410,754.00	*
Belle Vernon	PA	8,220,000.00	1.06
Battery Creek	SC	11,040,000.00	3.35
Forest City	SD	2,000,000.00	97.12
Pasco-Kennewick	WA	1,520,000.00	*

Ebey Slough	WA	20,357,000.00	2.34
Sixth Street	WV	2,730,000.00	5.38
	Total	$210,480,754.00	

* Project was selected for initial funding prior to the effective date of the rating factor criteria.

SENATOR LAUTENBERG: Update the listings found on pages 624 through 626 of Senate Hearing 101-865, part 2 regarding unfunded bridge requests, for fiscal years 1988 through 1991.

ANSWER: The following are the listings for the four fiscal years of the discretionary bridge project requests:

UNFUNDED PROJECTS FY 88 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 88
2.89	Williamsburg	NY	$290,600,000.00	$47,400,000.00
5.42	"Q"	CT	14,000,000.00	11,200,000.00
6.94	South Slough	OR	11,800,000.00	160,000.00
11.28	Quachita River	AR	12,000,000.00	800,000.00
14.44	Jefferson St	TN	12,500,000.00	640,000.00
19.03	Bay St Viad	GA	10,700,000.00	8,600,000.00
19.07	Dan Ryan	IL	130,900,000.00	104,700,000.00
20.43	Dog River	AL	16,200,000.00	12,900,000.00
22.20	US 40/Mo. R.	MO	23,200,000.00	4,300,000.00
24.55	Rt 147/Grassy S	NJ	46,300,000.00	33,200,000.00
25.40	SR 858/ICWW	FL	10,500,000.00	660,000.00
27.34	US 30 (Blair)	NE	10,800,000.00	2,340,000.00
27.47	Lake Street	MN	17,600,000.00	14,080,000.00
29.09	South St Viad	NJ	14,200,000.00	400,000.00
33.21	Highlandview	FL	10,700,000.00	700,000.00
40.43	US63(Jeff City)	MO	36,200,000.00	9,200,000.00
48.15	Dickey Place	IN	14,700.000.00	11,300,000.00
51.71	IntracoastalWay	LA	27,500,000.00	4,100,000.00
54.10	US 50/Nanticoke	MD	35,200,000.00	28,200,000.00
56.24	Clark (US 67)	IL	71,000,000.00	8,260,000.00
57.62	US61/Homochitto	MS	10,300,000.00	8,200.000.00
61.51	Jekyll/Is.C'Way	GA	12,600,000.00	10,100,000.00
64.82	North Channel	NY	64,300,000.00	51,500,000.00
79.42	Willow Slough	KY	17,500,000.00	12,800,000.00
85.64	Paris Landing	TN	39,900,000.00	32,000,000.00
91.77	ChoctawhatcheeBy	FL	18,500,000.00	14,800,000.00
92.19	Tom Edison	FL	33,500,000.00	1,500,000.00
113.38	Charter Oak	CT	81,300,000.00	65,000,000.00
134.65	Baldwin	CT	164,100,000.00	2,200,000.00

Note: The requests listed above in FY 88 are for construction or right-of-way. Preliminary engineering requests are no longer considered eligible by the FHWA for unfunded projects.

UNFUNDED PROJECTS FY 89 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 89
2.24	Rt 3/Berry's Creek	NJ	$18,200,000.00	$ 240,000.00
4.86	SR 115/Mo. River	MO	55,905,000.00	44,724,000.00
5.17	J.P. Sousa	DC	20,000,000.00	16,000,000.00
6.55	Sixth Street	WV	28,335,000.00	20,000,000.00
7.47	Prescott	MN	16,280,000.00	6,512,000.00
7.82	Queens Mid. Viad.	NY	34,870,000.00	27,896,000.00
8.44	Arrigoni	CT	20,250,000.00	16,200,000.00
12.62	Jefferson St.	TN	12,500,000.00	10,000,000.00
15.55	Rt 147/Grassy S.	NJ	40,000,000.00	32,000,000.00
21.67	Dog River	AL	16,025,000.00	12,820,000.00
30.63	NJ 36/Shrewsbury R.	NJ	19,713,000.00	150,000.00
31.87	Bayou Chico	FL	15,622,000.00	440,000.00
32.33	US 30/Mo. R.	NE	11,890,000.00	3,319,605,00
42.53	Clark (Alton)	IL	80,776,000.00	3,884,000.00
48.59	Paris Landing	TN	28,307,000.00	22,645,600.00
50.59	Sabine River	TX	15,000,000.00	12,000,000.00
55.52	Dickey Place	IN	15,675,560.00	12,200,448.00
78.40	Baldwin	CT	131,726,250.00	105,381,000.00
92.87	Red River	TX	10,100,000.00	8,080,000.00
112.75	Lavaca Bay C'Way	TX	18,500,000.00	14,800,000.00
138.58	Forest City	SD	21,500,000.00	4,000,000.00
142.12	18th Street/R.R.	KY	17,438,000.00	13,950,000.00
196.38	Navajo	AZ	9,300,000.00	7,440,000.00
	Virginia St.#	WV	4,500,000.00	3,440,000.00

# Special Legislation made this bridge eligible for consideration

Note: The requests listed above in FY 89 are for construction or right-of-way. Preliminary engineering requests are no longer considered eligible by the FHWA for unfunded projects.

UNFUNDED PROJECTS FY 90 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 90
1.51	Military Ave	MI	$ 13,300,000	$ 10,000,000
4.02	Williamsburg	NY	428,000,000	41,400,000
6.17	J.P. Sousa	DC	20,000,000	16,000,000
7.91	Sixth St/Sag.	MI	29,100,000	24,640,000
13.09	US1/Saugatuck	CT	14,867,000	10,885,000
15.68	Belle Vernon	PA	21,793,000	16,442,000
16.08	US69/18th St	KS	14,330,000	11,464,000
16.23	I95/Lake Salt.	CT	22,229,000	6,000,000
16.26	Jefferson St.	TN	15,114,000	11,100,000
16.43	Ebey Slough	WA	23,100,000	18,480,000
16.67	US20(Dubuque)	IA	18,117,000	13,554,000
19.07	Dog River	AL	15,920,000	12,736,000
20.00	Battery Creek	SC	10,210,000	8,168,000
26.24	Sabine River	LA	15,000,000	12,000,000
37.09	Santa Clara R	CA	18,630,000	14,904,000

45.02	Intracoast W	LA	20,500,000	16,400,000
46.39	Whitehurst Fy	DC	54,000,000	21,600,000
47.92	Isle of Palms	SC	27,650,000	22,120,000
56.23	Inter.Socastee	SC	17,500,000	9,600,000
57.97	Dickey Place	IN	16,719,000	12,689,000
59.98	Rt140/Conn.R	CT	15,523,000	6,000,000
74.20	Stono River	SC	21,100,000	16,880,000
75.26	Thomas Edison	FL	33,665,000	26,930,000
77.28	Red River	TX	10,100,000	7,272,000
96.53	Lavaca Bay C	TX	18,500,000	13,320,000
118.01	Forest City	SD	16,800,000	1,600,000
121.31	Baldwin	CT	164,130,000	100,261,000
294.79	Dawhoo	SC	16,872,000	13,498,000

Note: The requests listed above in FY 90 are for construction or right-of-way. Preliminary engineering requests are no longer considered eligible by the FHWA for unfunded projects.

UNFUNDED PROJECTS FY 91 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 91
5.50	Saugatuck R.	CT	$ 13,440,000	$ 9,600,000
7.63	Williamsburg	NY	741,500,000	82,800,000
11.75	I95/Lake Salt	CT	20,500,000	16,000,000
13.10	E. Pascaqoula R.	MS	16,500,000	12,000,000
13.27	23rd.Street Viad.	CO	52,500,000	10,000,000
15.58	Founders	CT	32,000,000	24,000,000
16.52	I95/East Chest.	NY	27,653,000	20,442,000
20.71	Keller Mem.	AL	17,900,000	13,544,000
34.88	Gallatin Vet. Mem.	TN	10,550,000	7,630,000
38.00	Miller Hwy. Viad.	NY	108,900,000	78,320,000
42.57	Calvin Ward	TN	11,200,000	8,320,000
46.35	North Star	MN	20,100,000	11,200,000
49.02	Red River	TX	10,100,000	3,636,000
52.51	Santa Clara	CA	29,013,000	17,608,000
77.90	Dog River	AL	19,100,000	13,200,000
100.35	Kealakaha	HI	11,106,000	8,047,000
136.49	Yuba River	CA	22,800,000	16,640,000

Note: The requests listed above in FY 91 are for construction or right-of-way. Preliminary engineering requests are no longer considered eligible by the FHWA for unfunded projects.

SENATOR LAUTENBERG: Update the list of deficient bridges on and off the federal-aid system by state, as found on pages 627, 628, and 629 of Senate Hearing 101-865, PART 2.

ANSWER: The following tables list deficient bridges on and off the Federal-aid system by State.

COUNT OF DEFICIENT BRIDGES BY STATE
ON FEDERAL-AID SYSTEM
AS OF JUNE 30, 1990

	NUMBER OF BRIDGES IN INVENTORY	NUMBER OF NON-DEFICIENT BRIDGES	STRUCTURALLY DEFICIENT	FUNCTIONALLY OBSOLETE	NUMBER OF DEFICIENT BRIDGES
ALABAMA	7,531	5,074	719	1,738	2,457
ALASKA	596	466	22	108	130
ARIZONA	4,564	4,070	53	441	494
ARKANSAS	6,006	4,249	670	1,087	1,757
CALIFORNIA	14,979	10,911	647	3,421	4,068
COLORADO	3,829	2,846	422	561	983
CONNECTICUT	2,662	1,454	523	685	1,208
DELAWARE	479	345	42	92	134
DIST. OF COL.	210	52	42	116	158
FLORIDA	6,206	4,556	141	1,509	1,650
GEORGIA	8,123	6,148	738	1,237	1,975
HAWAII	671	307	93	271	364
IDAHO	1,688	1,244	154	290	444
ILLINOIS	10,454	7,314	1,699	1,441	3,140
INDIANA	7,380	5,355	843	1,182	2,025
IOWA	7,227	5,687	587	953	1,540
KANSAS	10,759	7,910	873	1,976	2,849
KENTUCKY	4,977	2,964	282	1,731	2,013
LOUISIANA	6,076	3,570	864	1,642	2,506
MAINE	1,262	793	153	316	469
MARYLAND	2,700	1,801	323	576	899
MASSACHUSETTS	3,815	1,635	541	1,639	2,180
MICHIGAN	5,896	3,803	1,107	986	2,093
MINNESOTA	5,191	4,328	553	310	863
MISSISSIPPI	7,673	4,848	1,570	1,255	2,825
MISSOURI	8,831	5,541	2,128	1,162	3,290
MONTANA	2,439	1,941	78	420	498
NEBRASKA	5,102	4,199	533	370	903
NEVADA	823	636	25	162	187
NEW HAMPSHIRE	1,243	847	173	223	396
NEW JERSEY	4,249	2,141	943	1,165	2,108
NEW MEXICO	2,352	2,037	171	144	315
NEW YORK	8,851	2,759	4,934	1,158	6,092
NORTH CAROLINA	5,704	3,845	683	1,176	1,859
NORTH DAKOTA	1,790	1,486	132	172	304
OHIO	12,340	8,472	1,823	2,045	3,868
OKLAHOMA	8,739	6,352	1,377	1,010	2,387
OREGON	3,918	2,798	216	904	1,120
PENNSYLVANIA	11,037	6,454	2,640	1,943	4,583
RHODE ISLAND	558	273	63	222	285
SOUTH CAROLINA	4,285	3,316	220	749	969
SOUTH DAKOTA	2,725	2,265	250	210	460
TENNESSEE	7,583	4,888	1,134	1,561	2,695
TEXAS	26,169	21,534	991	3,644	4,635
UTAH	1,624	1,206	100	318	418
VERMONT	1,298	758	194	346	540
VIRGINIA	6,880	4,671	787	1,422	2,209
WASHINGTON	4,056	2,519	701	836	1,537
WEST VIRGINIA	3,302	1,487	1,140	675	1,815
WISCONSIN	6,425	4,539	1,476	410	1,886
WYOMING	1,879	1,610	38	231	269
PUERTO RICO	1,027	441	131	455	586
TOTAL	275,983	190,545	36,742	48,696	85,438

COUNT OF DEFICIENT BRIDGES BY STATE
OFF FEDERAL-AID SYSTEM
AS OF JUNE 30, 1990

	NUMBER OF BRIDGES IN INVENTORY	NUMBER OF NON-DEFICIENT BRIDGES	STRUCTURALLY DEFICIENT	FUNCTIONALLY OBSOLETE	NUMBER OF DEFICIENT BRIDGES
ALABAMA	7,874	3,936	2,557	1,381	3,938
ALASKA	220	140	37	43	80
ARIZONA	1,243	1,000	87	156	243
ARKANSAS	6,840	3,251	2,930	659	3,589
CALIFORNIA	7,419	4,772	1,281	1,366	2,647
COLORADO	3,871	2,070	1,521	280	1,801
CONNECTICUT	1,201	531	275	395	670
DELAWARE	261	164	31	66	97
DIST. OF COL.	27	6	3	18	21
FLORIDA	4,204	3,133	306	765	1,071
GEORGIA	6,078	3,701	2,047	330	2,377
HAWAII	376	225	47	104	151
IDAHO	2,031	1,469	379	183	562
ILLINOIS	14,382	9,716	3,422	1,244	[illegible],666
INDIANA	10,206	5,884	3,103	1,219	[illegible],322
IOWA	18,376	11,133	2,628	4,615	7,243

KANSAS	14,835	7,523	6,124	1,188	7,312
KENTUCKY	7,711	3,629	1,718	2,364	4,082
LOUISIANA	7,685	3,490	2,651	1,544	4,195
MAINE	1,310	761	307	242	549
MARYLAND	1,857	998	313	546	859
MASSACHUSETTS	1,220	535	355	330	685
MICHIGAN	4,768	2,600	1,662	506	2,168
MINNESOTA	7,833	5,393	1,734	706	2,440
MISSISSIPPI	9,480	3,949	5,120	411	5,531
MISSOURI	14,431	5,288	8,136	1,007	9,143
MONTANA	2,140	1,451	406	283	689
NEBRASKA	10,580	4,513	5,118	949	6,067
NEVADA	279	207	41	31	72
NEW HAMPSHIRE	1,325	629	397	299	696
NEW JERSEY	1,792	834	534	424	958
NEW MEXICO	1,066	753	164	149	313
NEW YORK	8,453	2,344	5,675	434	6,109
NORTH CAROLINA	10,477	5,252	3,720	1,505	5,225
NORTH DAKOTA	3,384	1,454	1,451	479	1,930
OHIO	16,878	10,391	2,967	3,520	6,487
OKLAHOMA	14,047	5,577	7,265	1,205	8,470
OREGON	2,880	2,142	323	415	738
PENNSYLVANIA	11,944	5,606	3,648	2,690	6,338
RHODE ISLAND	138	50	35	53	88
SOUTH CAROLINA	4,634	3,595	774	265	1,039
SOUTH DAKOTA	3,913	1,866	1,551	496	2,047
TENNESSEE	11,117	6,400	3,056	1,661	4,717
TEXAS	17,848	8,935	6,110	2,803	8,913
UTAH	1,005	706	211	88	299
VERMONT	1,362	538	338	486	824
VIRGINIA	5,489	3,367	851	1,271	2,122
WASHINGTON	2,880	2,230	330	320	650
WEST VIRGINIA	3,137	1,170	1,400	567	1,967
WISCONSIN	6,589	4,210	1,868	511	2,379
WYOMING	897	527	237	133	370
PUERTO RICO	689	250	87	352	439
TOTAL	300,682	160,294	97,330	43,058	140,388

EXEMPT PROGRAMS

SENATOR LAUTENBERG: List by program the obligation rate for obligation ceiling-exempt programs for fiscal years 1987 through 1990, and estimated for 1991 and 1992.

ANSWER: Below is a list of FHWA programs that are not subject to obligation limitation. Provided are actual obligations incurred for each ceiling exempt program during fiscal years 1987 through 1990, and estimated obligations for 1991 and 1992.

FEDERAL-AID HIGHWAYS
EXEMPT PROGRAM OBLIGATIONS*
(Dollars in millions)

PROGRAMS	ACTUAL OBLIGATIONS				Estimated Obligations	
	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992
Not Subject to Limitation						
Minimum Allocation	253	960	1,075	1,256	643	450
Emergency Relief	72	112	92	44	150	100
Section 149b Demo Author.	41	72	104	103	78	
Section 149c Demo Min. All.	8	9	7	7	12	–
Accelerated Bridges	1	...	2	9		
Woodrow Wilson Bridge	-2	10	2	1		
Union Station	1	1	2	2		
Usable Segments Demo. (131j)	12	3	1	2		

Alaska Highway	-1	5	6	1		
Misc.	...	...	25		13	
Total, Exempt Programs	385	1,172	1,316	1,425	996	550

*Excludes Sec. 105 Bonus obligations

MINIMUM ALLOCATION APPORTIONMENT

SENATOR LAUTENBERG: Provide the estimated amount of "minimum apportionment" available to each state in fiscal years 1991 and 1992.

ANSWER: The minimum allocation apportionment available for fiscal year 1991 is shown below:

STATE	AMOUNT *
ARIZONA	5,686,445
ARKANSAS	23,927,680
CALIFORNIA	47,098,949
FLORIDA	227,931,063
GEORGIA	81,328,712
INDIANA	133,143,319
KANSAS	1,300,272
KENTUCKY	2,239,976
MICHIGAN	22,753,589
MISSISSIPPI	29,729,098
MISSOURI	27,083,902
NORTH CAROLINA	123,308,685
OHIO	114,207,998
OKLAHOMA	34,538,447
OREGON	16,524,565
SOUTH CAROLINA	77,920,670
TENNESSEE	6,867,317
TEXAS	162,845,400
VIRGINIA	77,243,337
WISCONSIN	8,649,263
TOTAL	1,224,328,687

* Unobligated Balances as of April 30, 1991

NOTE: AVAILABILITY FOR FY 1992 CANNOT BE ESTIMATED AT THIS TIME WITHOUT AUTHORIZING LEGISLATION AND APPORTIONMENT FACTORS.

QUESTION: Update the listing by state of minimum apportionment amounts provided for fiscal years 1988 through 1991.

ANSWER: The minimum allocation apportionment by State for fiscal year 1989 thru fiscal year 1991 is shown below:

STATE	FY 1989	FY 1990*	FY 1991
ARIZONA	0	41,144,624	37,499,684
ARKANSAS	28,621,158	33,719,189	30,350,883
CALIFORNIA	78,378,002	198,048,468	81,354,284
FLORIDA	90,821,023	15,909,057	145,969,063
GEORGIA	87,515,537	109,939,046	101,317,077
INDIANA	106,807,602	75,527,506	78,543,743
KANSAS	0	3,657,537	0
KENTUCKY	3,138,680	0	2,268,003
MAINE	1,955,796	0	0
MICHIGAN	35,279,832	11,994,016	35,537,894
MISSISSIPPI	25,832,911	28,162,120	25,093,780
MISSOURI	53,205,402	40,868,426	27,057,493
NORTH CAROLINA	116,554,265	16,646,465	99,268,538
OHIO	110,076,079	110,010,448	71,201,021
OKLAHOMA	53,898,867	51,220,579	41,421,598
OREGON	7,954,867	1,777,593	13,564,561
SOUTH CAROLINA	0	40,841,467	28,032,241
TENNESSEE	50,397,680	31,077,074	1,742,286
TEXAS	302,197,272	275,898,540	196,746,679
VIRGINIA	0	50,196,589	59,940,003
WISCONSIN	63,308,104	61,855,629	58,075,432
TOTAL	1,215,943,077	1,198,494,373	1,134,984,263

* THE FISCAL YEAR 1990 MINIMUM ALLOCATION FUNDS SEQUESTERED BY FHWA NOTICE N4510.248 HAVE BEEN RESTORED BY NOTICE N4510.261 DATED FEBRUARY 21, 1991.

SENATOR LAUTENBERG: List by state the amount of unobligated minimum apportionment funds (using most current data available).

ANSWER: Following are the amounts of unobligated minimum apportionment funds by state:

STATE	AMOUNT *
ARIZONA	5,686,445
ARKANSAS	23,927,680
CALIFORNIA	47,098,949
FLORIDA	227,931,063
GEORGIA	81,328,712
INDIANA	133,143,319
KANSAS	1,300,272
KENTUCKY	2,239,976
MICHIGAN	22,753,589
MISSISSIPPI	29,729,098
MISSOURI	27,083,902
NORTH CAROLINA	123,308,685

OHIO	114,207,998
OKLAHOMA	34,538,447
OREGON	16,524,565
SOUTH CAROLINA	77,920,670
TENNESSEE	6,867,317
TEXAS	162,845,400
VIRGINIA	77,243,337
WISCONSIN	8,649,263
TOTAL	1,224,328,687

* Unobligated Balances as of April 30, 1991

QUESTION: Update the minimum allocation usage chart found on page 632 of Senate Hearing 101-865, part 2.

ANSWER: The following table shows how the States have obligated minimum allocation funds on the Federal-aid highway systems as of April 30, 1991:

Use of Minimum Allocation Funds
By Federal-Aid Highway Systems
Cumulative Obligations FY 1984- FY 1991

April 30, 1991

(dollars in thousands)

State	Interstate	Primary	Urban	Secondary	Other	Total
Arizona	96,901	0	0	0	385	97,286
Arkansas	260	79,751	22,175	17,442	0	119,628
California	157,628	353,877	240,107	4,377	3,986	759,975
Florida	26,965	76,698	26,995	4,492	4,211	139,361
Georgia	500	259,807	3,870	12,828	5,057	282,062
Illinois	26,499	87,628	12,241	8,773	3,955	139,096
Indiana	48,185	237,484	131,761	68,265	17,250	502,945
Kansas	0	185	2,119	0	54	2,358
Kentucky	3,200	743	502	212	78	4,735
Maine	0	0	0	617	1,339	1,956
Michigan	22,122	133,808	106,546	19,741	5,251	287,468
Mississippi	0	59,481	2,240	1,697	0	63,418
Missouri	96	117,444	34,148	2,434	3,683	157,805
North Carolina	36,039	221,206	140,638	1,578	5,397	404,858
Ohio	295,216	146,864	114,775	81,135	16,110	654,100
Oklahoma	11,460	243,069	58,190	22,009	0	334,728
Oregon	3,401	1,597	1,483	0	291	6,772
South Carolina	6,843	29,156	2,971	0	1,536	40,506
Tennessee	14,648	119,741	0	0	0	134,389
Texas	363,618	1,238,712	151,719	69,829	19,651	1,843,529
Virginia	33,076	1,076	4,666	871	0	39,689
Wisconsin	2,298	341,804	5,092	174	6,074	355,442
Total	1,148,955	3,750,131	1,062,238	316,474	94,308	6,372,106

DISCRETIONARY PROGRAM LEVELS

QUESTION: Update the discretionary programs level charts found on pages 633 and 634 of Senate Hearing 101-865, part 2.

ANSWER: Following are the authorizations and obligations for fiscal year 1986 through 1992 for the discretionary programs:

Authorizations

	1986	1987	1988	1989	1990	1991	1992 *
Interstate Construction Discretionary	287,100,000	300,000,000	285,148,781	279,837,124	263,868,638	268,907,955	300,000,000
Interstate 4R Discretionary	0	165,239,802	190,099,187	186,558,082	175,912,426	179,271,970	0
Interstate Substitution Discretionary	173,426,250	152,464,701	175,402,144	172,134,810	162,312,197	165,412,006	0
Bridge Discretionry	200,000,000	185,894,779	213,861,585	209,877,842	197,901,479	201,680,967	0
	660,526,250	803,599,282	864,511,697	848,407,858	799,994,740	815,272,898	300,000,000

* Does not reflect any set-aside for Section 149 Demonstration Projects. The only authorized amount available under current law (STURRA of 1987).

Obligations

	1986	1987	1988	1989	1990	1991 **
Interstate Construction Discretionary	779,782,594	676,192,933	1,469,808,184	844,631,287	341,122,235	162,537,631
Interstate 4R Discretionary	0	165,192,933	190,099,187	182,826,254	180,253,351	37,265,432
Interstate Substitution Discretionary	173,456,250	103,700,545	182,928,130	183,525,782	92,074,661	86,264,720
Bridge Discretionry	215,910,372	188,910,372	211,667,900	205,038,368	193,342,216	66,403,315
	1,169,149,216	1,133,996,783	2,054,503,401	1,416,021,691	806,792,463	352,471,098

** Obligations as of April 30, 1991

QUESTION: Update the discretionary programs level charts found on pages 633 and 634 of Senate Hearing 101-865, part 2.

ANSWER: The amounts deducted to fund Section 149 demonstration projects for fiscal year 1991 are listed below:

DISCRETIONARY ACCOUNT	AMOUNT DEDUCTED TO FUND F.Y. 1991 SECTION 149 PROJECTS (PL 100-17)
INTERSTATE CONSTRUCTION	42,234,383
INTERSTATE TRANSFER	19,125,494
INTERSTATE 4R	20,925,045
BRIDGE	24,520,354
TOTAL	106,805,276

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS

SENATOR LAUTENBERG: Update the charts found on pages 636 through 638 of Senate Hearings 101-865, part 2 on rail-highway crossing demonstration projects.

ANSWER: The requested charts follow:

ALLOCATIONS TO RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS BY FISCAL YEAR
(in thousands of dollars)

Project	FY 74-86	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	TOTAL
Wheeling, WV	$600	-----	-----	-----	-----	-----	$600
Augusta, GA	$7,029	$2,000	$1,188	$1,170	$990	$1,677	$14,054
Anoka, MN	$2,915	-----	($17)	-----	-----	-----	$2,898
Blue Island, IL	$230	-----	-----	-----	-----	-----	$230
Carbondale, IL	$24,675	-----	$1,425	$420	-----	-----	$26,520
Dolton, IL	$585	-----	-----	-----	-----	-----	$585
E. St. Louis, IL	$8,661	-----	-----	-----	-----	-----	$8,661
Springfield, IL	$9,394	$7,325	$1,425	$3,362	$4,453	$3,740	$29,699
Hammond, IN	$14,370	-----	-----	-----	-----	-----	$14,370
Lafayette, IN	$20,064	$3,500	-----	-----	$3,464	$2,233	$29,261
New Albany, IN	$2,326	-----	-----	-----	-----	-----	$2,326
Terre Haute, IN	$7,000	-----	-----	($1,000)	-----	-----	$6,000
Matairie, LA	$1,702	-----	-----	-----	-----	-----	$1,702
Pine Bluff, AR	$7,612	-----	$1,900	$841	$2,474	$1,700	$14,527
Brownsville, TX	$8,062	$750	$712	$420	-----	$2,040	$11,984
Greenville, TX	$9,500	-----	-----	-----	-----	-----	$9,500
Sherman, TX	-----	-----	-----	-----	-----	-----	$0
Lincoln, NE	$15,450	$2,000	$1,140	$1,177	$3,464	$4,345	$27,576
Elko, NV	$42,530	-----	-----	-----	($599)	-----	$41,931
TOTALS:	$182,705	$15,575	$7,773	*$6,390	$14,246	$15,735	*$242,424

( ) - Denotes deallocation of funds

* In addition to the figures in the table, $500,000 was allocated for a rail relocation planning study in Bryan-College Station, Texas, to implement Section 354 of the FY 1989 DOT Appropriations Act.

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECT
(dollars in thousands)

Project	Description	Total Estimated Cost	Demonstration Funds Allocated
Wheeling, WV	Rail relocation in downtown	$ 600	$ 600(a)
Augusta, GA	Rail relocation involving three railroads	126,800	14,054
Anoka, MN	Grade separation	3,050	2,898
Blue Island, IL	Grade separation	-0-	230(a)
Carbondale, IL	Three grade separations and train station relocation	28,600	26,520
Dolton, IL	Grade separation	-0-	585(a)
E. St. Louis, IL	Seven grade separations and minor rail relocation	28,700	8,661
Springfield, IL	Rail relocation southwest of city, grade separations in city	39,200	29,699
Hammond, IN	Rail relocation within downtown area	18,600	14,370
Lafayette, IN	Rail relocation within downtown area	123,800	29,261
New Albany IN	Minor rail relocation	2,595	2,326
Terre Haute, IN	Grade Separation	5,800	6,000
Metairie, LA	Rail consolidation and active warning devices	4,300	1,702
Pine Bluff, AR	Five grade separations and minor rail relocation	$ 22,000	$ 14,527
Brownsville, TX	Rail relocation to loop around city	36,000	11,984
Greenville, TX	Grade separation and minor rail relocation	14,800	9,500

Project	Description	Total Estimated Cost	Demonstration Funds Allocated
Sherman, TX	-------------WITHDREW FROM PROGRAM ------------		
Lincoln, NB	Three grade separations and minor rail relocation	37,000	27,576
Elko, NV	Rail relocation to loop around downtown	44,800	41,931
		$ 536,645	$ 242,424(b)

(a) Project not under construction by September 30, 1985. In accordance with Section 163 (p) of the Federal-Aid Highway Act of 1973, as amended, no further demonstration funds will be provided to the project.

(b) In addition to the figures in the table, $500,000 was allocated for a rail relocation planning study in Bryan-College Station, Texas, to implement Section 354 of the FY 1989 DOT Appropriations Act.

INTERSTATE SUBSTITUTE COST ESTIMATE

SENATOR LAUTENBERG: For the record provide the latest Interstate Substitute Cost Estimate for both highways and transit. When is the date of the next revision of the allocation factors?

ANSWER: The following is a preliminary table showing the additional substitute highway and transit funds (Federal funds) required and the associated apportionment factors. The split between highways and transit is based on the 1990 Interstate Substitution Cost Estimate and the table reflects the apportionments and allocations of substitute highway and transit funds made for fiscal year 1991. A further revision to the factors can be expected during the summer of 1991.

(PRELIMINARY)

ESTIMATED FEDERAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY AND TRANSIT PROJECTS AND APPORTIONMENT FACTORS FOR DISTRIBUTION OF THE FISCAL YEAR 1992 AUTHORIZATION FOR HIGHWAYS AND TRANSIT*

STATE	WITHDRAWAL AREA	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY PROJECTS	HIGHWAY APPORTIONMENT FACTORS (PERCENT)	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS	TRANSIT APPORTIONMENT FACTORS (PERCENT)
ARIZONA	Tucson	0	0.000	0	0.000
CALIFORNIA	Sacramento	0	0.000	209,277	0.063
	San Francisco	35,587,940	3.784	1,653,610	0.497
COLORADO	Denver	0	0.000	0	0.000
CONNECTICUT	Bolton to Killingly	154,731,724	16.451	210,873	0.063
	Hartford-New Britain	71,197,420	7.570	3,234,416	0.973
DISTRICT OF COLUMBIA	Washington	2,410,166	0.256	313,131	0.094
GEORGIA	Atlanta	19,963,715	2.123	0	0.000
ILLINOIS	Chicago	0	0.000	7,463,431	2.245
INDIANA	Indianapolis	8,270,605	0.880	0	0.000
IOWA	Waterloo	0	0.000	285,414	0.086
MARYLAND	Baltimore	21,017,690	2.235	70,578,763	23.632
	Bowie to Millersville	0	0.000	0	0.000
	Washington	1,454,120	0.155	0	0.000
MASSACHUSETTS	Boston	10,904,083	1.159	11,666,905	3.509
	Fall River to Providence	2,397,090	0.255	0	0.000
MINNESOTA	Duluth	0	0.000	0	0.000
	Minneapolis-St. Paul	0	0.000	0	0.000
NEBRASKA	Omaha	0	0.000	0	0.000
NEW JERSEY	New York City	7,412,357	0.788	0	0.000
	New York City-Trenton	53,208,576	5.657	0	0.000
	Philadelphia	0	0.000	0	0.000
NEW YORK	Albany	0	0.000	99,642	0.030
	New York City	372,218,534	39.574	189,909,490	57.113
OHIO	Cleveland	0	0.000	12,247,781	3.683
OREGON	Portland	6,578,998	0.699	16,414,303	4.936
	Salem	0	0.000	0	0.000
PENNSYLVANIA	Philadelphia	0	0.000	0	0.000
	Pittsburgh	0	0.000	9,969,543	2.998
RHODE ISLAND	Rhode Island	125,179,229	13.309	258,498	0.078
TENNESSEE	Memphis	48,031,912	5.107	0	0.000
VIRGINIA	Washington	0	0.000		
	TOTALS	940,572,967	100.000	332,515,075	100.000

*Amounts are in Federal funds.

SENATOR LAUTENBERG: Provide the latest donor/donee results by state.

ANSWER: Attached is the table which shows the latest donor/donee results by State.

COMPARISON OF FEDERAL HIGHWAY TRUST FUND RECEIPTS ATTRIBUTABLE TO THE STATES AND FEDERAL–AID APPORTIONMENTS FROM THE FUND[1]

FISCAL YEARS 1957 – 1990

TABLE FE–221
FEBRUARY 1991

(THOUSANDS OF DOLLARS)

STATE	PAYMENTS INTO THE FUND 2/				APPORTIONMENTS FROM THE FUND 3/				RATIO – APPORTIONMENTS/PAYMENTS	
	FISCAL YEAR 1990	PERCENT OF TOTAL	CUMULATED SINCE 7–1–56	PERCENT OF TOTAL	FISCAL YEAR 1990	PERCENT OF TOTAL	CUMULATED SINCE 7–1–56	PERCENT OF TOTAL	FISCAL YEAR 1990	CUMULATED SINCE 7–1–56
ALABAMA	260,500	2.089	4,066,818	1.571	240,784	1.692	5,121,186	2.050	0.92	1.26
ALASKA	27,898	0.224	400,697	0.184	166,582	1.170	3,074,801	1.231	5.97	7.67
ARIZONA	196,782	1.578	2,802,319	1.289	177,394	1.246	3,865,974	1.548	0.90	1.38
ARKANSAS	176,034	1.411	2,747,450	1.264	151,472	1.064	2,672,277	1.070	0.86	0.97
CALIFORNIA	1,360,324	10.907	22,099,267	10.166	1,495,287	10.506	19,999,643	8.008	1.10	0.90
COLORADO	145,902	1.170	2,796,320	1.286	246,224	1.730	3,965,416	1.588	1.69	1.42
CONNECTICUT	142,615	1.143	2,640,037	1.214	353,601	2.484	4,462,876	1.787	2.48	1.69
DELAWARE	36,440	0.292	647,944	0.298	52,521	0.369	985,801	0.395	1.44	1.52
DIST. OF COL.	17,888	0.143	429,475	0.198	96,596	0.679	1,733,275	0.694	5.40	4.04
FLORIDA	611,826	4.906	9,018,613	4.149	368,877	2.592	8,282,024	3.316	0.60	0.92
GEORGIA	441,565	3.540	6,462,393	2.973	400,091	2.811	6,443,331	2.580	0.91	1.00
HAWAII	31,816	0.255	545,910	0.251	235,364	1.654	1,918,724	0.768	7.40	3.51
IDAHO	54,594	0.438	1,018,827	0.469	76,859	0.540	1,907,967	0.764	1.41	1.87
ILLINOIS	513,839	4.120	9,519,364	4.379	526,383	3.698	10,745,369	4.302	1.02	1.13
INDIANA	322,639	2.587	5,938,288	2.732	272,403	1.914	5,186,049	2.076	0.84	0.87
IOWA	155,853	1.250	3,126,932	1.438	202,155	1.420	3,667,508	1.468	1.30	1.17
KANSAS	153,751	1.233	2,837,505	1.305	146,279	1.028	3,200,666	1.282	0.95	1.13
KENTUCKY	226,492	1.816	3,573,354	1.644	186,771	1.312	4,228,023	1.693	0.82	1.18
LOUISIANA	220,680	1.769	4,061,225	1.868	214,592	1.508	5,689,075	2.278	0.97	1.40
MAINE	69,779	0.559	1,187,003	0.546	69,881	0.491	1,311,248	0.525	1.00	1.10
MARYLAND	227,472	1.824	3,773,908	1.736	438,072	3.078	6,058,262	2.426	1.93	1.61
MASSACHUSETTS	240,693	1.930	4,536,528	2.087	898,092	6.310	5,742,104	2.299	3.73	1.27
MICHIGAN	403,760	3.237	8,312,447	3.824	322,344	2.265	7,506,331	3.005	0.80	0.90
MINNESOTA	208,872	1.675	4,026,301	1.852	196,329	1.379	5,333,459	2.135	0.94	1.32
MISSISSIPPI	159,118	1.276	2,696,447	1.240	159,965	1.124	2,822,711	1.130	1.01	1.05
MISSOURI	331,821	2.661	5,610,367	2.581	290,010	2.038	5,576,209	2.233	0.87	0.99
MONTANA	56,991	0.457	1,062,688	0.489	120,248	0.845	2,700,562	1.081	2.11	2.54
NEBRASKA	87,239	0.699	1,827,376	0.841	115,657	0.813	2,140,666	0.857	1.33	1.17
NEVADA	71,734	0.575	964,039	0.443	81,651	0.574	1,795,223	0.719	1.14	1.86
NEW HAMPSHIRE	50,826	0.408	828,954	0.381	59,244	0.416	1,244,812	0.498	1.17	1.50

(THOUSANDS OF DOLLARS)

STATE	PAYMENTS INTO THE FUND 2/				APPORTIONMENTS FROM THE FUND 3/				RATIO – APPORTIONMENTS/PAYMENTS	
	FISCAL YEAR 1990	PERCENT OF TOTAL	CUMULATED SINCE 7-1-56	PERCENT OF TOTAL	FISCAL YEAR 1990	PERCENT OF TOTAL	CUMULATED SINCE 7-1-56	PERCENT OF TOTAL	FISCAL YEAR 1990	CUMULATED SINCE 7-1-56
NEW JERSEY	348,397	2.793	6,563,847	3.020	441,885	3.105	6,208,091	2.486	1.27	0.95
NEW MEXICO	95,485	0.766	1,670,744	0.769	111.989	0.787	2,415,153	0.967	1.17	1.45
NEW YORK	562,188	4.508	11,159,700	5.134	754,202	5.299	13,468,055	5.392	1.34	1.21
NORTH CAROLINA	373,637	2.996	6,169,746	2.838	245,256	1.723	5,181,157	2.074	0.66	0.84
NORTH DAKOTA	42,405	0.340	814,991	0.375	77,207	0.542	1,578,570	0.632	1.82	1.94
OHIO	533,373	4.277	10.161,366	4.674	505.953	3.555	9,302,588	3.725	0.95	0.92
OKLAHOMA	204,144	1.637	3,793,643	1.745	196,022	1.377	3,232,466	1.294	0.96	0.85
OREGON	166,945	1.339	2,829,157	1.301	142,408	1.001	3,584,128	1.435	0.85	1.27
PENNSYLVANIA	539,602	4.326	10,139,710	4.664	541,506	3.805	11,505,825	4.607	1.00	1.13
RHODE ISLAND	38,586	0.309	733,825	0.338	124,699	0.876	1,590,216	0.637	3.23	2.17
SOUTH CAROLINA	212,662	1.705	3,185,449	1.465	206,838	1.453	2,964,738	1.187	0.97	0.93
SOUTH DAKOTA	44,434	0.356	874,441	0.402	81,942	0.576	1,707,355	0.684	1.84	1.95
TENNESSEE	295,739	2.371	4,928,666	2.267	288,516	2.027	5,298,776	2.122	0.98	1.08
TEXAS	915,875	7.343	16,650,816	7.660	863,043	6.064	14,279,154	5.717	0.94	0.86
UTAH	89,039	0.714	1,453,030	0.668	99,606	0.700	2,860,356	1.145	1.12	1.97
VERMONT	30,156	0.242	512,209	0.236	63,314	0.445	1,233,313	0.494	2.10	2.41
VIRGINIA	331,555	2.658	5,319,481	2.447	297,291	2.089	6,775,608	2.713	0.90	1.27
WASHINGTON	241,309	1.935	3,861,636	1.776	292,580	2.056	6,582,953	2.636	1.21	1.70
WEST VIRGINIA	99,176	0.795	1,777,571	0.818	135,189	0.950	4,024,407	1.611	1.36	2.26
WISCONSIN	241,548	1.937	4,362,820	2.007	218,754	1.537	3,724,016	1.491	0.91	0.85
WYOMING	60,079	0.482	859,966	0.396	94,329	0.663	1,816,689	0.727	1.57	2.11
TOTAL	12,472,077	100.000	217,381,610	100.000	14,144,258	99.375	248,715,187	99.583	1.13	1.14
AMERICAN SAMOA	–	–	–	–	2,242	0.016	13,853	0.006	–	–
GUAM	–	–	–	–	5,656	0.040	39,927	0.016	–	–
N. MARIANAS	–	–	–	–	1,655	0.012	12,559	0.005	–	–
PUERTO RICO	–	–	–	–	72,454	0.509	930,000	0.372	–	–
VIRGIN ISLANDS	–	–	–	–	6,942	0.049	46,008	0.018	–	–
GRAND TOTAL	12,472,077	100.000	217,381,610	100.000	14,233,205	100.000	249,757,532	100.000	1.14	1.15

1/ EXCLUDES THE 1 CENT PER GALLON TAX ON MOTOR FUEL TRANSFERRED TO THE MASS TRANSIT ACCOUNT AND THE 0.1 CENT PER GALLON TAX ON MOTOR FUEL DEDICATED TO THE LEAKING UNDERGROUND STORAGE TANK TRUST FUND. INCLUDES FISCAL YEAR 1991 INTERSTATE CONSTRUCTION AND INTERSTATE 4R FUNDS APPORTIONED DURING FISCAL YEAR 1990.

2/ TOTAL FEDERAL HIGHWAY TRUST FUND RECEIPTS ARE REPORTED BY THE U.S. DEPARTMENT OF THE TREASURY. PAYMENTS INTO THE HIGHWAY TRUST FUND ATTRIBUTABLE TO HIGHWAY USERS IN EACH STATE ARE ESTIMATED BY THE FEDERAL HIGHWAY ADMINISTRATION. INCLUDES REVENUES FROM HIGHWAY–USER TAXES ONLY. EXCLUDES INTEREST.

3/ INCLUDES ALL FUNDS APPORTIONED OR ALLOCATED FROM THE HIGHWAY TRUST FUND EXCEPT FOR THE FOLLOWING PROGRAMS: INDIAN RESERVATION ROADS, HIGHWAY SAFETY INFORMATION, AND RURAL TRANSPORTATION ASSISTANCE. THESE PROGRAMS ARE EITHER ADMINISTERED BY OTHER FEDERAL AGENCIES OR ARE TREATED AS ADMINISTRATIVE FUNDS AND CANNOT BE EASILY ATTRIBUTED TO INDIVIDUAL STATES. OBLIGATIONS ARE USED TO REPRESENT ALLOCATIONS FOR THE FOLLOWING PROGRAMS: FEDERAL LANDS, RURAL HIGHWAY PUBLIC TRANSPORTATION DEMONSTRATION, PARKWAYS AND PARK ROADS, ALCOHOL SAFETY INCENTIVE GRANTS AND THE WOODROW WILSON BRIDGE.

MOTOR CARRIER SAFETY STATISTICS

SENATOR LAUTENBERG: Update the safety statistics including workload data and out-of-service figures found on pages 640 through 645 of Senate Hearing 101-865, part 2.

ANSWER: The requested charts follow.

Fiscal Year	1986	1987	1988	1989	1990
Total Carriers	220,000	190,000	187,000	190,000	216,000
Total H/M shippers	22,000	30,000	25,000	25,000	13,000
Total entities	242,000	220,000	212,000	215,000	229,000
Safety specialists and safety specialist trainees	138	212	303	256	320
Ratio staff to entities	1:1,754	1:1,038	1:700	1:840	1:716
Ratio staff to drivers	1:32,609	1:21,226	1:14,851	1:17,578	1:15,027

WORKLOAD DATA

	Fiscal Year						
	1986	1987	1988	1989	1990	1991	1992
Number of driver/vehicle inspections	10,027	910	238	2,357	3,039	3,500	3,500
Number of safety audits/ reviews	6,637	23,714	29,655	18,422	19,038	24,000	25,000
Number of investigations	2,590	885	919	1,609	1,843	2,250	2,300
Number of enforcement cases prosecuted and closed	529	498	456	1,133	1,551	2,000	2,150
Amount of fines collected ($000s)	1,877.3	2,009.6	1,998.6	4,591.1	7,302.7	9,251,000	9,995,000

FEDERAL HIGHWAY ADMINISTRATION
PRINCIPAL WORK ACTIVITIES IN THE
MOTOR CARRIER SAFETY PROGRAM

	1986	1987	1988	1989	1990
Safety Management Activities:					
Safety management audits at carrier facility	2,605	19,313*	25,415*	14,864*	13,755*
Safety management audits, hazardous material carriers	1,205	4,012	3,716	2,707	3,691
Safety management audits, hazardous material shippers	897	389	524	851	1,515
Hazardous material incident investigations	91	30	18	34	46
Cargo tank manufacturer audits	18	10	3	6	14
Financial responsibility audits	1,912	3,617	87	61	63
Roadside driver/equipment examination: truck	6,365	837	189	2,310	2,958
Out-of-service vehicle	3,011	273	58	**	**
Roadside driver/equipment examination: bus	3,662	73	3	47	81
Out-of-service: bus	295	2	49	**	**
Out-of-service (truck and bus drivers)	969	100	56	**	**
Enforcement Activities:					
Case reports	2,590	885	919	1,609	1,843
Civil forfeiture proceedings	529	568	456	1,133	1,551
Investigation of carrier accidents:					
Accident investigations	39	27	41	69	33
Carrier accident report reviews	26,176	25,000	**	**	**
Motor Carrier Safety Assistance Program:					
State and local technical assistance (contacts)	4,360	3,409	**	**	**
State and local training presented (sessions)	357	255	**	**	**
State and local monitoring/evaluation (contacts)	2,486	1,198	**	**	**
Technical Assistance and Safety Education:					
Safety or hazardous materials meetings attended	482	566	650	691	901
Program assistance (contacts)	1,476	843	**	**	**
Training presented (sessions)	175	106	**	**	**

* Includes Safety Reviews and Compliance Reviews.

** Requirements to collect and report output data for these line items has been eliminated.

OUT-OF-SERVICE STATISTICS

State/ Terr.	Out-of-Service Vehicles 1988	1989	1990	Out-of-Service Drivers 1988	1989	1990
Alaska			292			3
Alabama	5,123	7,385	4,856	1,613	1,924	1.234
Arkansas	10,545	8,903	10,490	2,095	2,443	3,798
American Samoa	424	584	554	47	81	36
Arizona	1,682	4,461	6,097	1,139	2,404	3,291
California	15,238	14,189	11,515	1,241	1,573	1,563
Colorado	13,816	15,209	17,754	3,207	3,902	3,895
Connecticut	9,809	10,151	8,526	668	680	748
Delaware	1,663	1,715	1,563	450	565	486
Florida	22,101			4,823		
Georgia	16,661	15,232	12,729	4,254	5,230	4,212
Guam	446	814	1,521	58	82	165
Hawaii	788	1,500	1,654	5	80	138
Iowa	9,411	9,717	10,795	1,727	2,153	2,475
Idaho	2,967	2,202	2,187	1,532	1,015	563
Illinois	14,702	11,187	14,004	2,733	1,526	2,939
Indiana	17,571	17,651	21,497	2,180	2,010	2,372
Kansas	6,229	6,286	5,855	701	1,105	1,002
Kentucky	23,253	29,210	44,396	789	1,142	5,935
Louisiana	6,677	9,620	12,905	1,788	2,862	3,612
Massachusetts	5,268	5,127	3,586	935	1,185	1,067
Maryland	11,976	11,061	14,972	2,042	1,830	1,909
Maine	3,800	3,792	3,252	270	642	765
Michigan	19,141	15,977	16,592	1,672	1,549	2,027
Minnesota	10,155	8,336	9,383	1,077	403	2,392
Missouri	21,271	27,455	29,476	4,193	7,023	7,814
Mississippi	2,470	5,985	6,024	691	1,026	1,018
Montana	2,409	2,510	3,701	1,573	1,554	1,936
North Carolina	20,444	18,957	21,352	2,854	2,496	3,914
North Dakota	1,869	1,694	1,970	500	497	580
Nebraska	3,763	5,092	4,361	1,449	2,103	2,023
New Hampshire	1,698	2,907	1,304	1,006	1,558	436
New Jersey	10,545	11,429	12,374	1,514	3,958	2,571
New Mexico	40	1,700	3,722	1	282	729
Nevada	3,103	2,998	3,164	598	500	677
New York	21,695	24,546	25,380		1,551	2,630
Ohio	32,945	27,607	25,735	9,499	7,315	6,710
Oklahoma	783	2,107	4,359	237	868	1,076
Oregon	6,608	6,569	7,022	512	792	587
Pennsylvania	18,989	18,766	19,426	5,510	2,921	3,274
Puerto Rico	1,195	1,150	897	26	99	152
Rhode Island	2,594	2,461	2,020	685	629	582
South Carolina	3,787	7,687	6,631	474	1,156	2,255
Tennessee	45,623	55,380	58,059	6,023	10,452	9,394
Texas			15,919			6,319

Utah	4,489	4,888	6,373	354	695	944
Virginia	5,096	5,685	17,048	1,661	1,637	3,166
Vermont		186	1,805		10	109
Washington	15,254	14,378	12,225	1,595	1,413	1,219
Wisconsin	9,847	7,096	8,301	4,635	2,901	3,147
West Virginia	4,513	4,590	4,214	513	1,396	1,336
Wyoming			1,378			356
	470,836	474,132	541,575	83,149	91,218	112,381

PERCENT OUT-OF-SERVICE

State/ Terr.	Vehicles			Drivers		
	1988	1989	1990	1988	1989	1990
Alaska			39.6%			0.4%
Alabama	28.2%	38.5%	40.9%	8.9%	10.0%	10.4%
Arkansas	34.5%	33.0%	23.1%	6.9%	9.1%	8.3%
American Samoa	41.2%	33.6%	28.5%	4.6%	4.7%	1.8%
Arizona	24.4%	41.6%	35.3%	16.6%	22.4%	19.1%
California	51.5%	44.2%	39.2%	4.2%	4.9%	5.3%
Colorado	42.5%	36.5%	40.5%	9.9%	9.4%	8.8%
Connecticut	60.6%	60.3%	34.7%	4.1%	4.0%	3.0%
Delaware	38.9%	43.0%	40.3%	10.5%	14.2%	12.5%
Florida	55.9%			12.2%		
Georgia	54.5%	47.2%	44.4%	13.9%	16.2%	14.7%
Guam	32.1	23.3%	37.7%	4.2%	2.3%	4.0%
Hawaii	29.2%	30.5%	28.3%	0.2%	1.6%	2.3%
Iowa	32.8%	31.0%	29.1%	6.0%	6.9%	6.6%
Idaho	15.4%	14.2%	28.0%	8.0%	6.6%	7.2%
Illinois	22.5%	20.9%	16.4%	4.2%	2.9%	3.4%
Indiana	43.6%	42.6%	43.0%	5.4%	4.9%	4.7%
Kansas	51.5%	48.8%	43.3%	5.8%	8.6%	7.4%
Kentucky	46.2%	37.3%	30.4%	1.6%	1.5%	4.0%
Louisiana	38.7%	36.8%	35.8%	10.4%	10.9%	10.0%
Massachusetts	30.8%	25.1%	16.8%	5.5%	5.8%	5.0%
Maryland	28.9%	45.3%	29.0%	4.9%	7.5%	3.7%
Maine	60.9%	52.8%	53.9%	4.3%	8.9%	12.6%
Michigan	29.6%	27.6%	30.1%	2.6%	2.7%	3.6%
Minnesota	31.6%	32.8%	28.5%	3.3%	1.6%	7.2%
Missouri	49.5%	48.5%	48.0%	9.8%	12.4%	12.7%
Mississippi	29.3%	46.5%	43.8%	8.2%	8.0%	7.4%
Montana	15.4%	16.8%	17.3%	10.0%	10.4%	9.0%
North Carolina	30.4%	32.7%	33.4%	4.3%	4.3%	6.1%
North Dakota	27.3%	27.5%	20.7%	7.3%	8.1%	6.1%
Nebraska	35.8%	29.7%	22.6%	13.8%	12.3%	14.6%
New Hampshire	34.0%	28.3%	17.2%	20.1%	15.2%	5.7%
New Jersey	29.1%	31.6%	27.5%	4.2%	10.9%	5.5%
New Mexico	40.0%	37.2%	38.0%	1.0%	6.2%	7.4%
Nevada	35.9%	42.6%	35.1%	6.9%	7.1%	7.5%
New York	50.5%	47.5%	52.6%		3.0%	5.4%
Ohio	32.4%	27.4%	29.5%	9.3%	7.3%	7.7%
Oklahoma	20.6%	25.0%	33.8%	6.2%	10.3%	8.3%
Oregon	39.5%	38.9%	37.4%	3.1%	4.7%	3.1%
Pennsylvania	39.6%	38.5%	34.3%	11.5%	6.0%	5.7%
Puerto Rico	45.8%	36.8%	39.2%	1.0%	3.2%	6.6%

Rhode Island	49.1%	45.2%	39.2%	13.0%	11.6%	11.3%
South Carolina	44.3%	43.7%	36.0%	5.5%	6.6%	12.2%
Tennessee	47.6%	45.8%	49.7%	6.3%	8.6%	8.0%
Texas			25.5%			10.1%
Utah	48.6%	45.7%	43.3%	3.5%	6.5%	6.4%
Virginia	40.3%	38.8%	36.0%	13.1%	11.2%	6.6%
Vermont		22.5%	39.5%		1.2%	2.3%
Washington	27.4%	30.0%	29.5%	2.9%	2.9%	2.9%
Wisconsin	40.6%	37.7%	39.0%	19.1%	15.4%	15.1%
West Virginia	27.6%	19.3%	23.1%	3.1%	5.9%	7.3%
Wyoming			26.7%			6.8%
	37.5%	36.4%	33.8%	6.6%	7.0%	7.0%

South Dakota, the District of Columbia, the Virgin Islands, and the Northern Marianas are not included in the table because they did not participate in MCSAP implementation for the years 1988 through 1990. Where blanks appear, the State or Territory did not participate in the implementation phase of MCSAP during the fiscal year.

PERSONNEL

SENATOR LAUTENBERG: The fiscal year 1992 budget request includes an additional 141 positions and 88 full-time equivalents. Why do you need an additional 10 positions in "federal-aid highways" and 88 positions under "general operating expenses" since the administration's surface reauthorization proposal provides much greater flexibility to the states?

ANSWER: The FHWA program size and staffing levels have remained constant with the exception of some small increases in Motor Carrier Safety, over the past 3 years. The challenges, opportunities, and changes in the program that will result from the following will reshape the Federal-aid highway program and greatly influence FHWA's staffing needs in the 1990's and beyond:

- Implementation of the National Transportation Policy (NTP) (currently underway), and
- New Highway Legislation

The FHWA staff is currently rethinking its future role and planning for the transition from how we currently are doing business to how we must operate in the future given anticipated program changes. An agencywide effort is now underway to arrive at a vision of a future stewardship role and new partnership with our clients. This vision will provide the agency with a strategic view of what FHWA will be doing, and how the agency will be operating in the future. Although the "vision processes" are only now underway, it is apparent that FHWA technical expertise and assistance and

Federal-aid project oversight will play predominant roles in the long-term as well as the short term.

Also, with an increase in Federal-aid funding to $20 billion by FY 1996 and changing Federal-State funding (matching) ratios, the number of Federal-aid projects will increase dramatically in the future. If, provisions now proposed in the STAA of 1991 are enacted, the number of projects requiring direct Federal oversight and involvement will be reduced; but we expect the number of projects with our involvement to remain about the same with somewhat the same requisite for staff to ensure project oversight.

FHWA will also be faced with new program responsibilities and emphases resulting from the reauthorization legislation and the NTP statement in addition to fulfilling our traditional program responsibilities. Therefore, in order to carry out the new agency responsibilities consistent with FHWA's future role and current program responsibilities, changes in the work force composition will be required. FHWA staff have been reviewing personnel resources, both in terms of types and numbers of positions required to meet the agency's short-term and long-term needs. For these reviews, we have determined that in order to fulfill new and increased responsibilities beginning in FY 1992, additional personnel resources will be needed.

The following represent the categories in which we anticipate FHWA's responsibilities will change/increase with the issuance of the NTP and enactment of the STAA of 1991. The areas in which we require new positions are as follows:

FEDERAL-AID HIGHWAYS (+10 positions)

The additional positions requested under "federal aid highways" for FY 1992 are for the Federal Lands Highway Program (FLHP). Given the 20 percent increase in the FLHP, an estimated minimum of 100 work years of additional effort will be required for the proposed increased FLHP, with most of the effort being provided through procurement of outside engineering services. The increase of 10 positions will be used to coordinate with other federal agencies, administer the Indian Reservation Roads program, develop mandated pavement and bridge management programs and provide an appropriate level of oversight of work provided by additional outside engineering services.

GENERAL OPERATING EXPENSES (+88 positions)

HIGHWAY RESEARCH, DEVELOPMENT, AND TECHNOLOGY DEPLOYMENT

- Proposed establishment of a new advanced Research Programs Office with the mission of advancing U.S. transportation technology and expertise consistent with the National Transportation Policy.

- Research and development in highway safety is a high priority and will require additional resources to carry out FHWA's functions under the significantly expanded future Highway Safety Program.

- Responsibilities to promote more effective motor carrier operations and fleet management on a national scale.

- To provide technology transfer on truck operations and hazard materials technology and to develop joint training efforts to implement and monitor hazardous materials and other truck routes.

- Establishment of the new Office of Technology Applications with the mission of administering a marketing program for innovative technology as it relates to highway system and the vehicle.

IVHS/Congestion and Environmental Programs

- Additional resources will be needed for activities associated with IVHS. Technologies developed and promoted will be designed to improve the mobility, safety, and convenience of our Nation's highway system.

- New congestion management responsibilities include associated research and providing technical assistance to the States and localities.

- Additional resources will be needed to handle activities associated with the expanded environmental program and to ensure compliance with the provisions of the Clean Air Act. Specifically, positions would be used to assure compliance with legislative requirements; to provide policy guidance, training and necessary expertise to implement the environmental provisions of our legislative proposal; and to provide the technical assistance needs of States and local agencies on air quality requirements, wetlands, historic and archaeological preservation and hazardous materials.

- Contract management responsibilities will increase for the new $3 million a year research fund for environment.

Federal-Aid Highway Program

- Responsibilities will expand for evaluating potential impacts of highway investment on economic productivity.
- Additional resources will be needed to establish and maintain highway performance information and safety and bridge management systems.
- Efforts continue to provide support for a major FHWA/IRS/State effort to promote compliance with motor fuel tax collections.
- Promotion of the international exchange of highway technology and ideas to open new markets.
- Under the proposed legislation, FHWA's stewardship role will focus on the areas of project oversight and technical assistance/expertise.
    - Federal-aid project oversight will continue to be a predominate FHWA responsibility. The increased capability of the States will allow them to assume more responsibility for local decision making and smaller projects; while the Federal focus will be on the system of national significance.
    - The proposed legislation will place great emphasis on technical assistance to the States and increased technical expertise, particularly in the areas of research, information technology, IVHS, and systems management. Technical assistance and expertise will receive greater predominance in FHWA's future role as the agency moves towards the 21st century.

Motor Carriers

- Additional resources will be required to provide program direction and field oversight to FHWA truck size and weight, and Commercial Driver's License (CDL) uniformity issues contained in the reauthorization proposal.

- Additional resources will also be needed for implementation and monitoring efforts associated with the CDL Program, including the Automated National Commercial Driver's License Information System and to implement the uniformity provision of the NTP relating to uniform standards for commercial motor vehicle registration, fuel taxes, truck size and weight, the provisions of the Sanitary Food Act, and the National Highway System.

Federal Lands Highway Program

- The requested increase in FY 1992 Federal Lands Highway Program (FLHP) staffing is required to administer a 20 percent increase ($235 million to $290 million) in the FLHP. The additional resources will be used to coordinate with Federal Lands Management agencies, administer the Indian Reservation Roads Program, and develop mandated pavement management and bridge management programs.

- Additional resources will also be needed in the field divisions to handle the increase in plan/ design/construction activity as well as for A/E contract management and coordination.

FHWA's staffing strategy is based largely on building internal capability to effectively meet future requirements for technical expertise as well as maintaining an adequate work force to ensure proper stewardship of an increasing Federal-aid highway program.

SUPPLEMENTAL REQUEST

SENATOR LAUTENBERG: Why did the administration request discretion authority regarding the redistribution of unused obligation authority?

ANSWER: We propose a one-time limitation for 1991 on the August redistribution to limit outlays in 1992 to provide for a larger program level (significantly higher than the $243 million cut) in 1992. The larger 1992 program benefits all the States.

SENATOR LAUTENBERG: What is the total amount of unused obligation authority that will be available for redistribution? How much of that would have been redistributed and how much withheld?

ANSWER: We estimate that the August 1991 redistribution could approximate $1 billion. The proposed 1991 supplemental would reduce the redistribution by $243 million to about $700 million. In the prior year (August 1990), $694 million was redistributed. In short, we expect to maintain the same level of redistribution between

1990 and 1991. Public law 101-516, Sec. 105 states that all funds must be redistributed and none withheld.

HIGHWAY TRUST FUND STATUS

SENATOR LAUTENBERG: Provide a table detailing the highway trust fund status under the administration's reauthorization proposal. Include authorizations, obligations, income (tax and interest), outlays, cash balance, and unpaid authorizations.

ANSWER: Attached is the table showing the highway trust fund status.

HIGHWAY TRUST FUND STATUS, (HIGHWAY ACCOUNT & TRANSIT ACCOUNT COMBINED)
FY 1992-96 AUTH. $19.5 - $23.9 BIL., FY 1992-96 OBL. $20.1 - $23.9 BIL., JAN. REVENUE EST.
5 CENT FUEL TAX INCREASE - 2 1/2 CENTS TO HTF THRU FY 1995.
(DOLLARS IN MILLIONS)

FISCAL YEAR	AUTHORI-ZATION	OBLIGA-TIONS	INCOME	EXPENDI-TURE	TRUST FUND BALANCE	UNPAID AUTHORI-ZATION	INTEREST INCOME	TAX RECEIPTS
1986 & PRIOR	202,566	193,697	182,602	169,801	12,773	32,765		
1987	14,877	14,273	14,311	13,470	13,614	34,357	1,278	13,032
1988	15,335	14,533	15,306	14,734	14,186	35,108	1,193	14,113
1989	15,683	15,164	16,872	14,451	16,607	35,786	1,245	15,627
1990	16,527	15,739	15,429	15,254	16,782	36,542	1,562	13,867
1991	15,736	17,300	18,307	15,598	19,491	36,453	1,490	16,817
1992	19,515	20,130	19,408	16,840	22,059	39,118	1,632	17,776
1993	19,812	20,521	20,204	18,743	23,520	40,031	1,737	18,467
1994	20,382	20,937	20,769	19,586	24,703	40,528	1,764	19,005
1995	21,833	21,833	21,221	20,089	25,835	42,128	1,760	19,461
1996	23,904	23,904	18,158	21,615	22,378	44,632	1,776	16,382
1997		8,139	17,910	20,100	20,188	24,532	1,120	16,790
1998			18,447	12,285	26,351	12,248	1,237	17,210

SENATOR LAUTENBERG: Provide a similar display assuming an obligation ceiling of $16 billion (plus exempt programs) in FY 1992 and increasing $.5 billion each year thereafter.

ANSWER: Attached is the table showing obligation ceilings for FY 1992.

HIGHWAY ACCOUNT STATUS, FY 1992-96 AUTH. $16.3 - $20.6 BIL.,
FY 1992-96 OBLIGATIONS $16 - $18 BIL. LIMITATION PLUS EXEMPTS, JAN. REVENUE EST.
5 CENT FUEL TAX INCREASE - 2 1/2 CENTS TO HTF THRU FY 1995. 80% TO HWY ACCT.
(DOLLARS IN MILLIONS)

FISCAL YEAR	AUTHORI-ZATION	OBLIGA-TIONS	INCOME	EXPENDI-TURE	TRUST FUND BALANCE	UNPAID AUTHORI-ZATION	BYRD AMEND-MENT	INTEREST INCOME	TAX RECEIPTS
1986 & PRIOR	198,430	190,536	178,093	168,606	9,486	29,824	6,035		
1987	13,780	13,133	12,728	12,802	9,412	30,802	7,389	934	11,793
1988	14,085	13,397	13,645	14,038	9,019	30,849	6,757	809	12,836
1989	14,433	13,825	15,134	13,602	10,551	31,680	8,264	776	14,358
1990	15,245	14,450	13,453	14,375	9,629	32,550	9,812	981	12,472
1991	14,336	16,000	15,940	14,463	11,106	32,423	12,963	855	15,085
1992	16,266	17,029	16,793	15,336	12,563	33,353	14,678	928	15,865
1993	16,563	17,573	17,487	16,746	13,304	33,170	16,516	981	16,506
1994	17,133	18,139	17,981	17,237	14,048	33,067	15,154	984	16,997
1995	18,584	18,084	18,401	17,254	15,195	34,396	12,415	994	17,407
1996	20,584	18,584	15,771	17,686	13,280	37,295	8,223	1,055	14,716
1997		8,689	15,846	16,201	12,925	21,093		763	15,083
1998			16,391	10,292	19,024	10,801		931	15,460

SENATOR LAUTENBERG: Briefly describe the "Byrd amendment" and whether it is an issue in either of the above two scenarios.

ANSWER: The Byrd Amendment, as amended in 1982, assures that the Highway Trust Fund (HTF) will never be in a deficit position. For the Highway Account (HA) of the HTF, before making an apportionment, you must look at the HA balance plus HA income (taxes and interest) for the forthcoming fiscal year and the two following fiscal years and compare this with the total of outstanding commitments against the HA plus the amount of funds to be apportioned. If the total of HA and income exceeds the unpaid commitments and funds to be apportioned then the full apportionment can be made. If the total commitments (unpaid reauthorizations and apportionments) exceed the HA balance and 3 years of income the apportionments must be cut back so that the total commitments do not exceed the HA balance and the income. In neither of the two scenarios above is the Byrd Amendment restriction approached. For the Administration's proposal (S.610) the so-called "Byrd headroom" is $8.4 billion in FY 1996 (Table A-120) and for the $16 billion plus obligation limitation the "Byrd headroom" is $8.2 billion in FY 1996 (Table A-135).

SENATOR LAUTENBERG: Display the effect on the Highway Trust Fund in both the transit and highway accounts of the change in tax rates contained in the Omnibus Budget Reconciliation Act of 1990 (income and interest separated).

ANSWER: We are unable to answer the question appropriately at this time because revised data is unavailable.

SENATOR LAUTENBERG: Provide a table for fiscal years 1992 through 1996 on the estimated value of highway trust fund exemptions (revenue foregone).

ANSWER: Attached is the table for FY 1992-1996 on Estimated Value of Highway Trust Fund Exemptions.

HPP-13
10-May-91

Estimated Value of Highway Trust Fund Exemptions

(in milliions)

	FY90	FY91	FY92	FY93	FY94	FY95	FY96	Total (FY92-96)
State, County, Municipal Exemption	$552.3	$668.4	$739.5	$799.7	$851.4	$899.3	$780.3	$4,070.2
Bus Exemption	87.4	96.5	101.0	103.7	105.9	108.2	96.5	$515.3
Gasohol Exemption*	503.9	420.0	420.0	420.0	420.0	420.0	420.0	$2,100.0
Diesel Fuel "Prefund" (credit for vehicles less than 10,000 pounds)	38.6	39.6	40.7	42.6	44.5	48.9	47.6	$224.2
Heavy Vehicle Use Tax Exemptions for:								
1. Vehicles Traveling less than 5,000 miles annually	31.9	32.6	33.2	34.1	35.0	35.9	37.0	$175.2
2. Agricultural Vehicles (traveling less 7,500 miles annually)	2.4	2.4	2.5	2.6	2.7	2.8	2.9	$13.5
3. Logging Trucks (25% exemption)	2.2	2.3	2.3	2.4	2.4	2.5	2.5	$12.1
4. Federal Vehicles	0.8	0.9	0.9	1.0	1.1	1.1	1.1	$5.2
TOTAL	$1,219.5	$1,262.7	$1,340.1	$1,406.1	$1,463.0	$1,518.7	$1,387.9	$7,115.7

* Gasohol historical figures are based on Income Statement for the Highway Trust Fund.

PUBLIC LANDS HIGHWAYS

SENATOR LAUTENBERG: Why are you proposing the elimination of the public lands highway category?

ANSWER: During the past five years under the 1987 Surface Transportation and Uniform Relocation Assistance Act, a majority of public lands highway (PLH) funds have been allocated for projects that are on the forest highways (FH) system. Advance program planning and design preparation for PLH projects has been difficult since it is a discretionary program, with no assurances that a particular project would be funded. There are several instances where projects have been funded with combined FH and PLH fund. Therefore, to allow for more effective program administration, and for long term planning and development, the PLH program was combined with the FH program and will be administered under the more efficient long term program policies. Other existing Federal-aid roads that pass through Federal lands would be eligible for funding mainly under the Urban and Rural program and in some instances the National Highway System program. Both of these programs have substantial funding increases over present funding levels.

QUESTIONS SUBMITTED BY SENATOR BYRD

HIGHWAYS OF NATIONAL SIGNIFICANCE

SENATOR BYRD: Dr. Larson, the administration's surface transportation reauthorization bill proposed a 150,000 mile "highways of national significance" program. The American Association of State Highway and Transportation Officials has been advocating a system of no less than 180,000 miles, and the National Governors' Association is calling for a highways of national significance system of 200,000 miles. Would you please briefly explain how the administration settled on a system of only 150,000 miles? What were the major criterion factors used in arriving at that mileage figure?

ANSWER: The 150,000-mile National Highway System (NHS) is based on an extensive planning study conducted by the Federal Highway Administration (FHWA) in cooperation with the American Association of State Highway and Transportation Officials, the State highway and transportation agencies and the metropolitan planning organizations (MPO). Initially, the States and MPOs were asked to identify candidate systems in urban and rural areas for a 120,000-mile NHS, a 150,000-mile NHS and, at the option of the States, an NHS larger than 150,000 miles. The candidate systems were evaluated to determine how well they served NHS objectives. In addition, a special effort was made to evaluate system equity. Working with the candidate systems provided by the States and MPOs, the FHWA developed a 150,000-mile illustrative NHS consisting of a 105,000-mile rural component and a 45,000-mile urban component. The rural component would consist of principal arterials, including the Interstate System, representing 3.35 percent of total rural road mileage and would serve more than 40 percent of total rural travel and about 75 percent of heavy truck travel. The urban component would also consist of principal arterials, including the Interstate System, representing 6 percent of total urban road and street mileage and would serve more than 44 percent of total urban travel.

The major criteria used in developing the 150,000-mile illustrative NHS included: accommodating national defense highway needs (Strategic Highway Network), serving major international border crossings, serving major international ports and airports, serving major national parks, providing for interstate commerce, providing a continuous system across State lines, and serving major travel generators.

SENATOR BYRD: The West Virginia Department of Transportation submitted, at the Federal Highway Administration's request, its list of roads to be included in the highways of national significance program. The mileage that West Virginia submitted for consideration was approximately 2,200 miles. Now, if the administration's proposal were enacted, West Virginia's highway allotment would be approximately 1,300 miles, substantially below what it desires to be considered for this new program. What has the administration done to review its originally proposed 150,000 mile system?

ANSWER: The FHWA has continued to evaluate route specific information submitted by the States to determine how well the 150,000-mile illustrative NHS meets national objectives. The results of this work confirm that a 150,000-mile NHS provides sufficient mileage to meet all the criteria discussed in the previous question. In addition, the FHWA has undertaken a comprehensive review of the urban portion of the system. Meetings have been held with several States and MPOs to obtain a variety of views on the urban component of the NHS representing 6 percent of total urban road and street mileage. The meetings to date have confirmed that an urban component representing 6 percent of total urban road and street mileage, with flexibility to transfer between the rural and urban components, provides an adequate system to serve urban areas.

SENATOR BYRD: Based on the comments you have received from the individual states and interested associations, do you contemplate increasing the total number of miles for the highways of national significance program?

ANSWER: The FHWA has no plans to increase the proposed NHS mileage cap at this time. Based on our continuing evaluation of the NHS and discussions with the States and MPOs, the FHWA believes that a 150,000-mile cap is appropriate for the NHS. Many of the major concerns raised by individual States have been addressed or can be accommodated during the official designation of the NHS. Senate bill 610 would allow the Secretary of Transportation to add up to 15,000 miles to the NHS. This provision would provide flexibility for the FHWA to accommodate some requests for additional mileage without compromising system integrity.

SENATOR BYRD: Given what appears to be the almost unanimous concern that your proposed mileage is too little, why wouldn't you review this original proposal and suggest a higher allotment?

ANSWER: The objective of the NHS program is to focus Federal highway funding on a limited system of highways of national significance. The FHWA strongly believes that this objective can be met with a 150,000- to 165,000-mile NHS as proposed by S.610. If the system becomes much larger than 165,000 miles, roads which are not truly highways of national significance would become eligible for NHS funding and it will become more difficult to achieve system benefits.

SENATOR BYRD: If the administration's proposal is to NOT increase the basic program, have you made any effort or provided for creating special categorical programs that meet national goals and objectives? For example, has the administration considered special categorical road building activities such as the Appalachian road system, the Avenue of the Saints, or the new Interstate 66 that is being proposed? What is your position on these particular proposals?

ANSWER: The FHWA has not provided for special categorical programs. Under the NHS and urban/rural programs, 875,261 miles of roads and streets in urban and rural areas would be eligible for Federal-aid highways funds compared to the 851,759 miles eligible under current Federal-aid highway programs. These programs provide a means of addressing special activities such as the Appalachian road system and multi-state corridors. These are logical candidates for the NHS, and the FHWA expects that the entire Appalachian road system and many multi-state corridors will be included in the NHS designated by the States.

ALLOCATION OF FEDERAL FUNDS

SENATOR BYRD: It is my understanding that the administration's proposal contemplates the allocation of federal dollars among the states based on vehicular miles traveled and federal gasoline tax revenues collected. Both of these factors will significantly penalize a rural state like West Virginia.

Could you tell me why these particular factors were chosen for the allocation of federal dollars among the states?

ANSWER: The Administration's proposal does not use VMT as an apportionment factor. Funds for the National Highway Program (NHP) would be apportioned 70 percent based on a State's ratio of motor fuel consumption, 15 percent based on public road miles, and 15 percent based on land area; funds for the Urban and Rural Program (URP) would be apportioned based on a State's ratio of trust fund revenues; and funds for the Bridge Program would be based on preliminary level of service criteria. For the National Highway System (NHS) alone, the bulk of the funds will be apportioned on motor fuel usage which equates well with the extent and mileage on the NHS.

Potential new factors were considered based on the uniformity and accuracy of the underlying data and the appropriateness of the factor as a basis for distributing funds. While there are no "perfect" formulas and factors, factors should have certain characteristics such as a basis in accurate and easily gathered data, and reliability. The most important characteristic for the factors is that the formulas yield a fair and equitable distribution of resources which relates closely to highway program goals and investment requirements.

Motor fuel use is a good approximation of the usage of the highway system, and use of the system determines investment requirements. Actually, vehicle miles travelled (VMT) would be the best indicator of need, but VMT on all public highways would be difficult to collect. There would be an enormous counting problem because of the nearly 4 million miles of roads on which to report. Administrative costs to collect data would be extremely high if any degree of accuracy is to be achieved. Accuracy in converting traffic counts to VMT adds additional variability. The next best proxies are fuel consumption and/or trust fund revenue contributions for which data is accurate, verifiable, and in place.

SENATOR BYRD: Is it fair to characterize your program's allocation formula as one which basically redistributes collected gasoline tax revenues, largely in accordance with the states' contributions into the federal highway trust fund?

ANSWER: No. Funds for the Urban and Rural Program would be distributed based on the State's share of contributions to the Trust Fund, but this program represents a relatively small part of the total funds distributed. Neither the National Highway Program nor the Bridge Program funds would be distributed on this basis.

SENATOR BYRD: How does this reflect the varying characteristics and needs of the individual states?

ANSWER: The distribution factors for the National Highway System were selected using two criteria: there should be a close reflection of highway investment requirements based on system extent and usage; and the data for the factors should be objective, reliable, and easy to collect and update. The factors are highway use of motor fuel (weighted 70 percent), public road miles (weighted 15 percent), and land area (weighted 15 percent). These factors do allow for differing characteristics and needs of the States. The formula for distributing Bridge Program funds does this as well, by recognizing traffic needs and relative functional importance of bridges in setting level of service as a basis for eligibility.

SENATOR BYRD: In the formulation of your surface reauthorization bill, did you consider allocation formulas which distributed money on such difficulty factors as weatherization, terrain, construction costs, the extraordinary wear and tear on roads dedicated to heavy trucks -- especially in my State for coal haul?

ANSWER: Studies conducted by the GAO have concluded that it would be impossible to equitably apportion highway funds based on terrain, climate, or other such factors because of the extreme subjectivity involved in such determinations.

SENATOR BYRD: Did you consider clean air and energy related items, and economic development potential in devising your allocation formula? Please comment on each of the factors I listed as to why there were not included in your allocation formula.

ANSWER: While these items were not appropriate for development of formulas, there are numerous provisions in our bill that respond to the Clean Air Act and National energy proposals. Some would:

- require that the Congestion Management Systems in areas over 200,000 population be coordinated with requirements of the Clean Air Act and that Transportation Improvement Plans conform to State (air quality) Implementation Plans;
- give preference to operational improvements over capital investments on the Interstate system through an increased Federal share for projects such as high occupancy vehicle lanes, carpool projects, signing and signalization improvements, positive guidance systems, and freeway management;
- require a biennial report to Congress on the air quality impacts of transportation programs and the benefits of transportation control measures in controlling air pollution; and
- enhance the research and development program, including clean air related environmental research.

FEDERAL VS. STATE MATCH

SENATOR BYRD: Under current law, in fiscal year 1991, to receive $110 million in federal funds, West Virginia needs to come up with a matching $25 million. Under the administration's proposal, in 1992, West Virginia could receive $112 million in federal funds, but would need to provide a state match of $37 million. In other words, federal funding would increase by approximately 2 percent over the 1991 level; but your proposal would require West Virginia's match to increase to 48 percent.

What analysis did you perform to evaluate the individual state's ability to come up with these additional funds?

ANSWER: For each State, FHWA calculated estimated matching requirements under current law using FY 1991 apportionments and current law matching ratios. Current sliding scale rates were applied to the Public lands States. For FY 1992 through FY 1996, FHWA estimated State-by-State requirements using the apportionments and matching ratios in the Administration's proposal. Certain assumptions were made for sliding scale States and for obligations on programs where there are several ratios. Also, a similar analyses was performed assuming the States took advantage of the temporary matching fund waiver.

It is important to note that while a comprehensive technical analyses was completed, the Administration feels that State tax policies and tax choices are best left to each of the 50 States. The Federal role is limited to ensuring appropriate State investment in the systems and programs of national concern. The Administration does not seek to dictate how the States obtain the match.

SENATOR BYRD: Very specifically, the State of West Virginia has a state gasoline tax of 20.35 cents a gallon. Given that West Virginia has already one of the highest state gasoline taxes in the country, what do you propose they do to come up with an increase in their state contribution -- a 48 percent increase in the state contribution?

ANSWER: Many options exist for the States and localities to meet the increased share of the Federal-aid program. These include the 25-percent match waiver included in the first 2 years of the proposed STAA, use of funds already applied to overmatch Federal projects, focus State-only investment on the Federal-aid systems, private investment and toll financing, increased local financing, and increases in State and local highway revenue sources.

Should the States choose to cover the increased match requirements through tax increases alone, most could obtain the needed revenues for FY 1992 with no more than a 2-cent per gallon increase in their motor fuel taxes. Based on a recent survey by the Highway Users Federation, 27 States are considering an increase in motor fuel taxes this year.

Increased matching requirements are not solely a State responsibility. Rather, the most significant increase in the proposed STAA, i.e, the Urban /Rural Program at a 60/40 Federal/State match compared to the historic 75/25, in most

States would be spread among local governments as well. Nationwide, approximately 58 percent of the urban and rural secondary systems are under the jurisdiction of the local government today.

Private investment in toll roads and in transportation projects that benefit the private sector would ease the matching burden on States. The proposal includes several important provisions which could supplement Federal and State resources in providing highway capacity.

SENATOR BYRD: On a relative basis, I believe that West Virginia is doing as much or even more than any other state for its highway program. Do you have in your proposal any incentives or rewards for states that are doing all they can to raise revenues for their highway program? If so, what programs are they?

ANSWER: The proposal is not intended to reward or penalize States with high tax State tax rates. It is designed to give individual States and local governments as much latitude as possible in meeting their highway and transportation needs. The States and local governments draw upon many revenue sources for highways, including motor fuel and motor vehicle taxes and fees. The policy, while encouraging greater reliance on user charges, does not discourage non-user revenues for highways. Indeed, the policy advocates greater use of innovative financing, including private sector sources.

SENATOR BYRD: What assistance can you provide to a state that is unable, under your proposed matching ratios, to come up with its state share?

ANSWER: As noted above, there exist several opportunities for States to meet the increased matching share requirements required for Federal-aid funds from our proposed STAA. Among them are the two year, 25-percent match waiver, private investment and toll financing, and increases in State highway revenue sources.

SENATOR BYRD: If the objective of the surface transportation reauthorization bill is to get on with the job of rebuilding our nation's highways and bridges, and your proposed matching formula thwarts that goal by putting the federal funds out of reach, what good has this proposal done in meeting our nation's highway and bridge needs?

ANSWER: The reauthorization proposal provides for a significant increase in Federal funds for highway and bridge improvements over the life of the proposed reauthorization. The increase in Federal funds should encourage the States to participate fully in maintaining our highway infrastructure at an acceptable level of service. Our analysis indicates that all States could meet the higher matches imposed by the reauthorization proposal.

SENATOR BYRD: As I stated earlier, West Virginia already imposes a relatively high state tax on gasoline. There are many states that assess much less.

How have you factored in a state's existing level of effort in determining your apportionment factors?

ANSWER: The States' level of effort was considered in our proposal to the extent that the proposal calls for a system of highways of national significance funded primarily from Federal tax revenues.

SENATOR BYRD: Do you believe a State's existing level of effort and its capacity to raise additional funds should be a factor in the apportionment of Federal funds and in the consideration of individual States' needs for those funds?

ANSWER: Our legislative proposal indirectly addresses the issue of differences among States by recognizing that there are some roads and highways that are of national significance that should be funded primarily from Federal Government tax sources. It is further proposed to provide additional flexibility to States in making use of Federal transportation funds.

BRIDGES

SENATOR BYRD: In West Virginia, the state's bridges are in a particularly serious situation. The Federal Highway Administration reports that 49.5 percent of the bridges on the federal-aid system within West Virginia are functionally obsolete or structurally deficient. In spite of this condition that exists not only in West Virginia, but throughout the country, your reauthorization proposal lowers the federal share for bridges costs from 80 percent to 75 percent. Can you explain to me why?

ANSWER: The Federal share of bridge costs funded under the Bridge Program has been reduced to 75 percent in keeping with the goals and objectives on the National Transportation Policy published in February 1990 under the title Moving America. The policy calls for the development of legislation consistent with the principle of making use of the Highway Trust Fund to address critical highway infrastructure requirements, but increasing the State and local share of Federal-aid projects.

SENATOR BYRD: In addition to the lowering of the federal share for bridges, the amount of funding which you are requesting for the bridge program increases by only $200 million above what is available in 1991. Why did you ask for such a relatively small increase in the bridge program?

ANSWER: The funding level for the bridge program is proposed to be $10.685 billion for the five year period of the bill. This is an increase of $2.535 billion over the $8.15 billion in the 1987 five year bill. Using the past level of spending on the bridge program from Federal, State and local sources as a basis, it is projected that the increase will generate an annual funding level from these sources of about $4.2 billion. This is an amount needed to maintain the current conditions of bridges.

SENATOR BYRD: Under the apportionment scheme that you are proposing for the distribution of bridge funds, West Virginia's apportionment would be reduced from $37.9 million in 1991 to $29.2 million in 1992. This amounts to a 23 percent reduction. This is a reduction, despite, as I stated before, the fact that 49.5 percent of the bridges on the federal-aid system are classified, by the administration as being either functionally obsolete or structurally deficient. So I may better understand, could you please explain the logic and rational behind your proposal that, for some states, the amount of funding available to them for their bridge program is actually reduced?

ANSWER: The amount of bridge program funding to West Virginia and all the other States will change. The FHWA has developed what is believed to be a fairer and more equitable way of dividing Federal bridge funds among the States more in keeping with each State's bridge needs. The new way of identifying bridge needs has been given the name level-of-service approach and does not involve a deficiency definition or sufficiency rating. The term level-of-service comes from the goal of trying to match the strength, width and clearance needs of a bridge to the "level" of traffic served by the various routes.

A State's investment requirements (bridge needs) have two factors; the State's bridges needing replacement or rehabilitation, and that State's bridge construction costs. The change is in identifying the bridges needing replacement or rehabilitation. This is done by a level-of-service approach.

The level-of-service approach involves comparing National Bridge Inventory data on individual bridges against level-of-service criteria (a target value for load carrying capacity, for example). The bridges not meeting the criteria are those needing to be replaced or rehabilitated.

Level-of-service will cause an increase in eligible bridges on the higher traffic volume highways. The results are in keeping with the objective of the National Transportation Policy. Federal funds will be directed to projects on highways carrying the most traffic, highways carrying the most commerce, and the highways needing the maximum safety considerations. A review of our records indicates that under the level-of-service concept the apportionment of Bridge Program funds to West Virginia will go from $37.9 to $39.5 million.

RESEARCH AND DEVELOPMENT

SENATOR BYRD: Please provide a status report on FHWA's timber bridge research program.

ANSWER: The FHWA timber bridge research program, being conducted at the Constructed Facility Center at West Virginia University was started on October 1, 1990, as a 3-year program to conduct research on timber bridge needs. In order to guide the program, the Timber Bridge Research Council was established. Its members include representatives from Federal, State, local, and private industry. Work has started on the following three studies: (1) "Timber Bridge Rail Testing and Evaluation," Status: The conceptual drawings for the bridge rail systems are under review. This study is about 5 percent complete. (2) "Education and Technology Transfer," Status: The step-by-step design guidelines for the stress-laminated timber deck are about 30 percent complete. Other booklets that will be done under this study will be on timber substructural systems, and corrosion protection of steel hardware. This study will also include review of selected standards on timber bridges. Overall, this study is 7 percent complete. (3) "Design Optimization of Stressed Timber T, Bulb-T, and Box Beam Bridges," Status: The overall objective is to establish proper design guidelines for the T and Box stressed systems. This study has just started.

SENATOR BYRD: What progress has FHWA made on the use of polymers in bridge construction?

ANSWER: FHWA through its Office of Implementation and Demonstration Projects Division (both of which have now been consolidated into the Office of Technology Applications) promoted the use of polymers for rebonding delaminations in the bridge deck by an injection process and also installed a number of polymer overlays on bridge decks to retard the future ingress of chloride ions, thus preventing the corrosion of reinforcing steel. One of the most widely used deck protection systems in the United States is latex modified concrete. Latex is a polymer. Conductive polymer grouts are also being studied for use in cathodic protection applications.

Due to the heavy volume of traffic on the Woodrow Wilson Memorial Bridge, and the need to keep it open during rush hours, FHWA performed in-house research to develop a suitable polymer concrete to support the new precast post-tensioned panels on the existing stringers during its rehabilitation in 1983. This polymer-concrete and associated technology provides a unique technique for major bridge deck replacements whenever it is not feasible to stop traffic on a bridge structure.

In response to an FY 1991 Appropriations Act requirement, FHWA has begun work on a major study of fiber reinforced plastics (the resin is a polymer) for bridge structures at the Constructed Facility Center at West Virginia University. We have also developed a multi-year research program to further study fiber reinforced plastics and their applicability to bridge construction. This program will start in FY 1992.

In summary, polymers are playing a significant role in bridge construction and rehabilitation.

SENATOR BYRD: Much of surface bridge corrosion is related to controlling winter ice and snow by salting the surface. What alternatives to salting is FHWA exploring?

ANSWER: The FHWA has been exploring alternative deicers for several years. In 1978, we identified calcium magnesium acetate (CMA) as the best candidate for an alternative deicer to sodium chloride. Major CMA evaluation efforts in the 80's disclosed that CMA was the best alternative deicer with much less corrosive properties to bridges and cars than commonly used sodium chloride and virtually no environmental detriments. However, the cost of CMA is much higher than common salt. The private sector and certain universities in cooperation with FHWA are conducting research directed at lowering the cost of CMA so it can be used in all situations where salt cannot be used. We are also conducting a congressional study to assess the economics of using CMA versus salt. The results of this study will be available this fall. We are also monitoring the use of all the new proprietary deicers.

SENATOR BYRD: Has FHWA ever studied the heating of bridge decks? If so, what were the results? If not, does this technique offer a possible solution to the salting problem?

ANSWER: The FHWA and States have looked into heating of bridge decks in the past. The methods studied included electrical heating and geothermal heating. The results were positive from a technical aspect, but less so from a practical viewpoint. Electrical heating was not really successful, since the elements tended to short-circuit after a time due to the intrusion of moisture and electrolytes from the roadway deicing salts. The use of pipes carrying ammonia or a similar liquid that received heat from well water or hot geothermal water through a heat exchanger was more successful. Even then, it was not economically feasible. There were several reasons for this:

1. Ice forms on bridge decks under certain humidity and temperature ranges when the roadway pavement does not freeze. This is called "preferential" or "differential" icing. Once the pavement freezes, a heated bridge deck becomes irrelevant. The frequency or duration of preferential icing is insufficient to justify the initial cost.

2. When installed, electrical heating systems tend to short-circuit and become inoperative. Both resistors and pipes carrying warm fluid are relatively costly to install and more costly to maintain.

Some States have tried ice sensors to alert maintenance crews to the development of preferential icing, without much success. Signs warning that "bridge may be icy" or "bridges freeze first" are used throughout the U.S. more for liability protection than anything else.

The number of bridge deck icing incidents has not been sufficient to justify reprioritization of other structural research needs.

QUESTIONS SUBMITTED BY SENATOR SASSER

SENATOR SASSER: I recently wrote to you regarding the completion of U.S. 23 from Upper East Tennessee to Asheville, North Carolina. Ultimately, we hope to have U.S. 23 designated Interstate 26. As my letter indicated, highway officials in both Tennessee and North Carolina now expect that both sections of U.S. 23 will be built to interstate specifications and completed by 1996.

Your predecessor, Mr. Farris, indicated that interstate designation depended on assurances from the governing officials that the project would be built to interstate standards within 10 years of the actual designation.

Since officials in both Tennessee and North Carolina now believe that this criterion can be satisfied, when can we expect the erection of road signs identifying this roadway as Interstate 26?

ANSWER: This route has not been approved to date by the Federal Highway Administration as a future addition to the Interstate System under Section 139(b) of Title 23, United States Code pending completion and approval of a final environmental impact statement. Designation under Section 139 is a two-step process. First, the Federal Highway Administration (FHWA) approves the segment as a future addition to the Interstate System, contingent on its upgrading within 12 years to full Interstate standards. When the upgrading is completed, the route is converted to a Section 139(a) addition, and the signs can be installed. Section 139(b) prohibits the route being signed or marked as a highway on the Interstate System until the highway is constructed to Interstate standards. Under this restriction, "I-26" signs cannot be installed until North Carolina and Tennessee complete the entire route from I-81 in Tennessee to I-40 in North Carolina, and the FHWA approves this section of U.S. 23 as an Interstate highway under Section 139(a).

IMPACT OF ELIMINATING MINIMUM ALLOCATION

SENATOR SASSER: The Administration's proposed highway bill would eliminate the minimum allocation provision. Please explain for the record the practical impact of eliminating this provision for Tennessee and other states which received minimum allocation apportionments for FY 1991, but which also received discretionary and emergency relief funding.

ANSWER: Because of the proposed change in program structure and other variables, it is not possible to make a perfect direct comparison between minimum allocation in current law and minimum allocation under the Administration's bill. However, the practical impact of excluding minimum allocation on the State of Tennessee could be viewed in terms of these two analyses:

Based on the latest data, using FY 1992 estimates for National Highway Program, Urban/Rural Program, Bridge, Interstate, Interstate Transfer, and Planning in the Administration's proposal and FY 1991 allocations through March 31, 1991, the State of Tennessee would loose about $34 million as a result of the repeal of the 85 percent minimum allocation provision. The computation of minimum allocation for the State of Tennessee included about $4 million in those discretionary allocations required by Section 157 to be included. Thus, under the above assumptions, but without these discretionary allocations, the State of Tennessee's minimum allocation would have been $38 million, or $4 million more than computed.

Under an another analyses,and based on the latest data, using FY 1992 estimates for only National Highway Program, Urban/Rural Program, and Bridge in the Administration's proposal and FY 1991 allocations through March 31,1991, the State of Tennessee would not receive any minimum allocation.

SENATOR SASSER: What percentage of our nation's 577,710 bridges are structurally deficient due to corrosion?

ANSWER: The latest figures in the National Bridge Inventory indicates 134,072 are structurally deficient. The coding requirements do not require differentiating as to the cause of the deficiency. However, without question, the predominant cause would be corrosion, and further, corrosion caused by exposure to roadway deicing salts or to a marine environment. These deficiencies show up in the form of rusted steels that were not maintained by painting, and/or concrete deterioration due to freeze-thaw cycles, or rusting (and expansion) of the internal reinforcing steels. Corrosion related deficiencies are now more under control through incorporation of state-of-the-art steel coating systems, epoxy coated reinforcing steel, cathodic protection systems and high quality concretes.

SENATOR SASSER: What would be the Federal Highway Administration's view of requiring life-cycle cost-analysis in the selection of corrosion protection systems for federally funded projects?

ANSWER: Many proprietary products are presented to the FHWA as having lower "life-cycle" costs, and are therefore touted as being in the public interest. Caution must be used in preparing and evaluating life cycle cost analyses of corrosion protection systems because of the difficulty caused by subjective and often unsupported assumptions. It is the FHWA's position on Federal-aid projects to use state-of-the-art developments to insure that products used provide for at least the design life of the structure. For corrosion protection systems, it is state-of-the-art in reinforced concrete structures (including bridge decks) to use epoxy coated reinforcing steel combined with high quality concrete. Other systems such as corrosion inhibitors, including microsilica, are being studied and these may prove to be equally effective. If so, the products would be subject to the Federal-aid procedures normally requiring that the alternate systems be included in the contract as equals with the selection made by the contractor providing the lowest bid.

COMMERCIALIZATION OF REST AREAS

SENATOR SASSER: Under the proposed highway bill, states have the option to enter into lease agreements with food and fuel service operators in existing or potential rest area facilities.

What consideration do you believe states should give to the potential impact of such agreements on existing businesses that employ large numbers of persons and have invested millions of dollars along these interstate interchanges?

ANSWER: We believe States should give thorough and comprehensive consideration to the potential impact that rest area commercialization may have on existing business and the surrounding community. We have not, however, attempted to identify specific consideration requirements inn our legislation. We would anticipate that States conduct extensive outreach efforts to identify not only the impacts of commercialization but also the viability. Coordinating and cooperating with local government officials and business associations would be essential. Outreach efforts could include public meetings, formal hearings, official notices, surveys, etc. Environmental impact assessments may also be appropriate.

At the same time, we do not anticipate a major conversion of existing rest areas to commercialized facilities. Those that are hard to maintain, attract undesirable behavior or little use due to their isolated location may have appeal for conversion and enhance opportunities for local small businesses. The emphasis should be on offering job and business opportunities, and not presenting unfair competitive advantages.

SENATOR SASSER: What guidance might the Federal Highway Administration provide to states which choose to enter into lease arrangements with regard to balancing the interests of existing businesses already along these interchanges and encouraging new service providers?

ANSWER: The legislative language is specific concerning the types of commercial activities permitted under this provision. The guidance we provide could be in the form of regulatory requirements or technical assistance that would assure balancing the interests of existing businesses and new providers by examining key feasibility issues such as: 1) market acceptance, 2) financial viability, 3) private sector interests, 4) economic impacts on existing businesses and 5) local community support.

The proposed highway bill does not require the commercialization of any rest areas. It is up to each State to determine whether, based on its needs, legal requirements, and impacts, it would be in the best interests of the State to commercialize rest areas. The role of the Federal Highway Administration should be to provide broad technical assistance and program management to see that critical issues have been addressed.

SENATOR SASSER: As member of the Senate Banking Committee, I've heard testimony from transit officials who criticize the highway reauthorization bill as biased towards roads. They particularly cite the fact that the Administration's proposal increases the highway funding some 40% from $14.5 billion in FY 1991 to $20 billion in FY 1996. At the same time, transit funding would increase only minimally from $3.25 billion to $3.32 billion.

How does FHWA respond to this general criticism, and specifically, how does the proposed bill, which utilizes fuel use as a key apportionment factor (70%) in the national highway program, effectively promote the goals of energy conservation?

ANSWER: We believe the legislation reflects a proper balance between highways and transit in that the largest share of Federal resources is focused on that portion of the surface transportation system with National significance -- the new National Highway System (NHS) which accounts for the majority of interstate travel. The role of the Federal Government in transit and in highways other than those on the NHS is subordinate to that of the State and local governments, because these highways and transit systems primarily serve local and regional travel.

The bill promotes the goals of energy conservation in several ways. The proposal contains a number of incentives, including flexibility to use funds for transit, higher funding levels for high occupancy vehicle lanes, congestion pricing and congestion management provisions that are designed to reduce congestion. Further, we do not believe the use of motor fuel as a factor in apportioning National Highway Program (NHP) funds is counter to the goal of energy conservation. Motor fuel usage is a good surrogate for highway investment requirements. We believe that States will continue to pursue congestion relief initiatives to reduce energy consumption regardless of the factors that are the basis for apportionments.

SENATOR SASSER: One of the principal components of the proposed highway bill is its emphasis on enhanced highway safety. I don't think there's anyone who would oppose efforts to minimize to the greatest extent possible the number and severity of accidents on our nation's highways.

Do you believe that the proposed bonus credits will provide sufficient highway safety incentives to the states, many of which view mandatory seat belt and helmet use, for example, as a states' rights issue?

ANSWER: The bonus program would provide financial rewards to those States enacting legislation or implementing safety improvement programs. This would not be detrimental to the States' rights since these would be State laws and programs.

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

SENATOR MIKULSKI: How is FHWA working with State of Maryland transportation officials to improve truck and bus safety and strengthen the Motor Carrier Safety Assistance Program (MCSAP)?

ANSWER: The FHWA is working with the State of Maryland on the following activities to improve truck and bus safety and strengthen the Motor Carrier Safety Assistance Program:

- o Laptop computer pilot program - a pilot program for the use of laptop computers during safety and compliance reviews. The use of these computers will streamline the carrier review process;
- o Traffic Enforcement Pilot Program - whereby State inspectors stop trucks for moving violations and conduct roadside inspections as well;
- o Local Truck Safety Inspection Pilot Program. - an effort to get local enforcement officers involved in the roadside inspection process;
- o Drug Interdiction Awareness Program - involves training State personnel in the detection of commercial motor vehicles which may be transporting illegal substances; and
- o Out-of-Service Verification Pilot Project - an effort to ensure that corrections are made on vehicle defects for vehicles placed out-of-service.

Also, in FY 91, FHWA provided training for 100 Maryland State personnel in motor carrier safety and hazardous materials regulations and 33 Maryland State personnel in drug interdiction and awareness techniques.

SENATOR MIKULSKI: How does FHWA monitor cargo tank inspections being conducted by States participating in the MCSAP program? How many such inspections were conducted last year, and in which States? Does FHWA provide training or other assistance to State personnel to conduct such inspections?

ANSWER: FHWA monitors State inspections under the MCSAP program by using data provided by SAFETYNET, our automated system for nationwide inspectionand accident data. We also conduct on-site reviews of MCSAP State activities.

In FY 1990, 69,323 cargo tank inspections were conducted by all participating States except Texas and Hawaii.

FHWA provides cargo tank inspecton training to State personnel at the Transportation Safety Institute in Oklahoma City, Oklahoma.

SENATOR MIKULSKI: Please report to the Committee on the status of FHWA's special project to determine compliance with drug testing regulations.

ANSWER: The special project was completed in December 1990. The results of the pilot drug testing program include:

- o 713 carriers reviewed,
- o 277 drivers - average number of drivers per carrier,
- o 143,500 drug tests conducted,

- 2.1% of the drug tests results were confirmed positives,
- Marijuana accounted for nearly 65% of the positives, and
- Most frequently cited violations were related to recordkeeping.

SENATOR MIKULSKI: Mr. Larson, in a letter dated December 5, 1990, you indicated to the Committee that a preliminary report on the research project on bridge safety which FHWA was directed to complete in Senate Report 101-398 would be provided by April 1, 1991, with the final report submitted by December 31, 1992. What is the status of this report?

ANSWER: The preliminary report has been sent to the Office of the Secretary of Transportation for transmission to Congress. It is currently being reviewed in that office.

SENATOR MIKULSKI: As a result of the investigation by the National Transportation Safety Board (NTSB) of the collapse of U.S. Route 51 bridge spans in 1989, the NTSB issued five recommendations to FHWA. Please report to the committee on how FHWA has followed up on these recommendations. Also, please describe to the committee how these recommendations relate to the research project mentioned in the question above.

ANSWER: The following are the FHWA responses made to NTSB on the five recommendations.

RECOMMENDATION H-90-56:

Modify the National Bridge Inspection Standards to require follow-up or diver inspections of those bridges with underwater members that cannot be examined visually or by feel during scheduled bridge inspections because of excessive water depth or turbidity.

RESPONSE:

The FHWA direction on this subject is contained in the 1988 National Bridge Inspection Standards (NBIS) the Technical Advisories T 5140.20 and T 5140.21, the manual used in Demonstration Project 80 entitled Underwater Inspection of Bridges and the upcoming revision to the FHWA Bridge Inspector's Training Manual 90. Guidance to States is also provided in the American Association of State Highway and Transportation Officials (AASHTO) Manual for Maintenance Inspection of Bridges.

Existing guidance requires underwater members that need special inspection procedures to be identified and listed in a master list. Follow-up or diver inspections, or other special underwater procedures is required to be prescribed also. These inspections can be, but are not usually, part of the inspections made on the 2-year cycle. A frequency of up to 5 years is acceptable for the underwater inspections according to the NBIS. Further NBIS requirements would be redundant. For this reason it is recommended that the recommendation be closed.

RECOMMENDATION H-90-57:

Require States to develop and maintain channel profile records for bridges over water and to evaluate the channel profile records to determine the effects of channel changes on bridges

RESPONSE:

The FHWA issued a revised Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges in December 1988. As of January 1990 bridge inspections must comply with the data format in this guide. Item 113 of the guide, Scour Critical Bridges, requires that the scour vulnerability be identified and states "Details on conducting a scour analysis are included in the FHWA Technical Advisory entitled, 'Scour at Bridges.'"

The FHWA Technical Advisory 5140.20 was issued on September 16, 1988. The purpose of this advisory is to provide guidance on developing and implementing a scour evaluation program. The advisory provides specific guidance, related to recommendation H-90-57, on page 4, paragraph entitled "Bridge inspectors", which states "(1) The bridge inspector should accurately record the present condition of the bridge and the stream."

Sections 3.2.2 (28) and 3.2.4 (5) of the AASHTO Manual for Maintenance Inspection of Bridges require profiles of the channel be taken during inspections and additional soundings at some river piers to provide information on the effect of scour, and new bed profiles for unstable channels.

Further, guidance is provided on this recommendation in the Interim Procedures for Evaluating Scour at Bridges which is an attachment to the Technical Advisory. On page 53 of Chapter 6, Inspection of Bridges for Scour, a discussion on rating the substructure (Item 60 of the Coding Guide) states "In order to note the condition of the foundations, the inspector should take cross sections of the stream, noting location and condition of stream banks."

The existing guidance is detailed, thorough and adequate, and on that basis, it is suggested that the recommendation be closed.

RECOMMENDATION H-90-58:

Modify the National Bridge Inspection Standards to require qualifications for personnel who evaluate bridge inspection reports.

RESPONSE:

The FHWA has taken the position that the evaluation of inspection findings falls within the responsibility of the individual in charge of a State's bridge inspection organizational unit. In practice, some States have "evaluators" and others do not, leaving it the responsibility of the individual in charge. Some States have bridge designers for corrective measures within the bridge inspection unit, others do not and rely on the bridge design office for that advice. It is clear that the individual in charge is to be held accountable for the evaluation of the inspection findings and actions that lead to necessary corrections. The FHWA requires States to have procedures for specifically responding to critical bridge findings. Critical bridge findings are those that jeopardize the safety of the traveling public and need immediate attention. Also, please refer to previous correspondence on this subject dated April 30, 1990.

The existing guidance is adequate, and on that basis, it is suggested that the recommendation be closed.

RECOMMENDATION H-90-59:

Require States to develop a crucial element checklist for each bridge based on the bridge design and as-built plans or available bridge data. The list should identify bridge elements or conditions that when damaged, exposed, corroded, or deformed would independently cause a sudden unexpected collapse of a section of the bridge. This list should then become part of each bridge inspection report. Further, require the States to immediately close the bridge or perform needed repairs when an inspector discovers the deterioration of the bridge element contained in the crucial element checklist.

RESPONSE:

It is not practical for all 578,000 bridges in the NBI to have crucial element checklists. More than half of these might be classified as minor because they are simple span bridges with spans of less than 50'. For major or unusual bridges by FHWA's definition, a form of a critical element checklist is now required. Required are manuals giving explicit in-service inspection and maintenance guidance to bridge owners.

The current NBIS require the States to identify bridges with fracture critical members and establish inspection procedures for these members and specify inspection intervals. The NBIS also discusses the need for an engineering evaluation of a structure's vulnerability to scour damage and the need for countermeasures.

The evaluation and inspection of crucial elements of highway bridges have been presented to the States through comprehensive bridge inspector training courses, training in fracture critical members, and in Demonstration Project 80 (Underwater Inspection of Bridges).

The FHWA has established a program for annually monitoring the States' conformance with the NBIS and especially the follow-up action taken by the States on critical bridge inspection findings. An annual report is required on the effectiveness of the States' inspection program including follow-up actions.

Bridge management systems, soon to be required of the States, will require more detailed information to be kept on structural members or systems regarding condition ratings and action associated with them. This is in concept crucial element identification and related activities.

We believe that the existing requirements and guidance are adequate, and on that basis, it is suggested that the recommendation be closed.

RECOMMENDATION H-90-60:

Require that States review overweight vehicle traffic to evaluate the effects of frequent overweight loads on unposted bridges. Require that, based on these evaluations, the States limit the number or size of overweight vehicles permitted to cross those bridges that may be damaged because of frequent exposure to heavy loads.

RESPONSE:

Steel structures are subject to fatigue because of the characteristics of the material. The design criteria for these structures take into consideration the frequency of heavy truck loading over the life of the bridge. The AASHTO Manual for Maintenance Inspection of Bridges is being revised and will include procedures for fatigue evaluation of steel bridges for determining safe remaining life of those bridges. Concrete, timber, and culvert type bridges are not normally subject to fatigue conditions.

Research has indicated that overweight vehicles reduce the fatigue life of steel bridges with fatigue prone details. The bridge inspection program has been upgraded over the years to increase the intensity of inspection and provide better evaluation for fracture critical and fatigue prone components. Currently the University of Colorado, under an FHWA-sponsored project, is examining highway bridges for the effects of live loads using instrumentation equipment.

The current truck weight programs are the responsibility of the Motor Carrier Safety Office within the FHWA. Basically, the States issue overweight permits to those haulers whose vehicle meets the stress criteria of the State's envelope vehicle. A major problem in the area of overweight vehicles is the enforcement of weight regulations by the States. The FHWA continues to evaluate this problem through collection of weight enforcement data, reviewing weight enforcement practices, and conducting weigh-in-motion studies.

Our further efforts in regard to this recommendation, will include further evaluation of the effort to revise the AASHTO Manual, continued monitoring of research on load effects, and cooperating with the Office of Motor Carriers to evaluate load enforcement policies.

The bridge safety research project mentioned in the previous question deals with the use of scaffolding and is the result of the collapse of scaffolding on a project on the Baltimore-Washington Parkway. The NTSB investigation for U.S. 51 was on the Hatchie River near Lovington, Tennessee and the recommendations made had to do with the problem of scour and the underwater members of the bridge. There is no relation between the research project and this NTSB review.

QUESTIONS SUBMITTED BY SENATOR KASTEN

INTERSTATE COST ESTIMATE

SENATOR KASTEN: I am very appreciative of the cooperation that FHWA has extended to the Wisconsin Department of Transportation in recent months as the State worked under extremely short deadlines to document its application for the restoration of costs related to the E-W Transitway in Milwaukee to the Interstate Cost Estimate. That was properly granted, and it will permit work on highway and transit projects in Milwaukee, which is a non-attainment area.

However, an unanticipated result is that the transferability of our half-percent Interstate apportionment to Interstate rehabilitation is in question. WisDOT has appealed the initial ruling, and their logic seems compelling. I would like to visit with you and understand your position on review. Can we work together on this?

ANSWER: I am pleased to note that following further review of the matter, we have concluded that all one-half percent Interstate funds apportioned to the State under Section 102(c) of the 1987 Surface Transportation and Uniform Relocation Assistance Act may be used for Interstate 4R Projects.

SENATOR KASTEN: During the passage of the hazmat and food backhauling bills last year, many of us were concerned about the ability of some carriers who should not be hauling hazardous cargos to do so. One proposal that I asked Federal Highways to look at was some means of shared shipper liability in case of a spill to force some self-policing by shippers. I hope that your study is progressing, is not just a discourse on problems envisioned, but in fact a blueprint as to what ideas along these lines would work or show promise.

ANSWER: The study of shared shipper liability required by Section 27 of the Hazardous Materials Transportation Uniform Safety Act of 1990 (HMTUSA) has been discussed in some detail within the Department. Officials of the Federal Highway Administration and the Research and Special Programs Administration have commented on preliminary drafts of the study, and additional comments are expected as other offices review the report.

The study attempts to compare the potential safety benefits of a shipper liability law with the improved regulation of hazardous materials transportation required by the specific mandates of the Motor Carrier Safety Act of 1990 and the HMTUSA itself.

SENATOR KASTEN: Perhaps if the permitting programs envisioned by those pieces of legislation were viewed expansively, this would assure attention to safety within the current scheme. This is not really a question, I just ask you to keep this in mind as you work through the permitting proposals and the study that I am awaiting. What thoughts do you have in this regard?

ANSWER: The Hazardous Materials Transportation Uniform Safety Act of 1990 (HMTUSA) requires motor carriers which transport or cause to be transported by a motor vehicle in commerce a hazardous material only if the motor carrier holds a safety permit issued by the Department. Regulations must be issued for safety permits within one year. Carriers must obtain a permit within one year of the regulations. Under Section 8(d)(3) of the HMTUSA, a hazardous materials shipper is prohibited from using a motor carrier unless the carrier holds a safety permit issued by the Department. FHWA intends to make the safety permit an integral part of the safety fitness procedures to ensure the proper level of attention is given in this regard.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

STATE MATCHING REQUIREMENTS

SENATOR DOMENICI: The Administration's reauthorization proposal recommends higher state and local matching requirements for most projects. While the operational improvements and 3R activities on Interstates will continue a Federal share of 90 percent, the Federal share for the new National Highway System will be 75 percent, and only 60 percent on Urban-Rural projects.

Do you anticipate states having extraordinary difficulty coming up with additional funds for matching requirements?

ANSWER: No, the Administration's proposal should not present any extraordinary State matching problems. Under the Administration's proposal,the expanded Federal spending and higher matching ratios will increase the amounts which the States and local governments need to match Federal funds. However,the Administration believes that the States recognize the need for this, and, in a short time, they will meet the increased matching requirements our proposal calls for. The ability of the States to match was an important issue in developing our proposal. The following is also pointed out:

States already invest independently on the Federal-Aid Highway System. Counting State and other non-Federal investments, the Federal share of all expenditures on the Federal-aid system is about 56 percent. In many cases, the proposed reduction in the overall average Federal share from 83 percent to 72 percent may initially merely rechannel State and local funds already being spent on the Federal-aid system; over time, however, the States will move to expand their own programs as well as maintain the match for an increasing Federal program. This was what happened over the last decade following the 1982 nickel increase in the gas tax and the greatly expanded Federal program it provided.

Historically, States have shown their willingness to increase revenues to meet increased Federal funds. Forty-seven States increased their revenues for highways in the 3 years following the 1982 highway act, when the increase in State matching needs was roughly the same as it would be under our proposal.

SENATOR DOMENICI: What provisions are made to accommodate the transition for states?

ANSWER: These include the 25 percent match waiver provided in our bill for the first two years, use of funds already spent to "overmatch" Federal-aid projects, focus State-only investment on Federal-aid systems, private investment and toll financing, increased local financing, and increases in State and local highway revenue sources.

SENATOR DOMENICI: Using the Administration's assumption of greater local/state financing, what is the anticipated level of total highway spending over the reauthorization period?

ANSWER: Under the Administration's proposal, Federal-aid apportionments to the States over the five year reauthorization period (FY 1992-FY 1996) are estimated at $79.6 billion. State funds required to match Federal-aid apportionments are estimated at $28.4 billion, assuming the temporary matching waiver is not used. Thus, the total of Federal apportionments and State matching funds would be about $108 billion. Excluded from these amounts are Federal discretionary and Federal lands funds which are made available to the States. These total about an additional $5 billion over the five year period.

SENATOR DOMENICI: What impact would the increased match requirements have on planning and project selection?

ANSWER: There are several provisions in the bill besides increased match requirements that will have an impact on planning and project selection. For example, the four required management systems under the National Highway Program; the strengthened planning requirements under which State and local officials will have to work in planning and developing projects; and the expanded eligibility through which highway and transit funds can be used for either highway or transit projects. Certainly, the match ratios will be an important consideration as the State and local governments determine their priorities and may well be the deciding factor in choosing between projects, but matching requirements will not be the only determining factor.

INDIAN HIGHWAYS

SENATOR DOMENICI: You are aware, I am sure, that I have introduced a bill, S. 515 that authorizes out of the Highway Trust Fund over $225 million per year over the next five years for Indian reservation roads. I was prompted to introduce this bill because of my sincere disappointment in the funding levels contained in the Administration's bill. The Bureau of Indian Affairs prepared last year a "needs survey" of Indian reservation road that clearly shows that the roads of our Indian people have been seriously neglected. It seems to this Senator, that now is the time to finally try to correct the situation. I have indicated my concerns to Secretary Skinner. Perhaps, you would like to respond to my concerns?

ANSWER: The "Needs Survey" is entitled "Assessment of Conditions and Funding Options -1990." The study report does show higher funding needs for Indian Reservation Roads (IRR) than are reflected in the 1991 Surface Transportation Assistance Act. An annual funding amount of $225 million was included as one of several funding alternatives for reducing the current backlog of road construction needs. However, the $225 million assumed improvement of the entire IRR system to a certain design standard within 20 years. This is considered unrealistic in light of the current budgetary constraints.

Also, the ability of the Bureau of Indian Affairs and Indian tribes to deliver a cost effective $225 million program is questionable. The necessary planning has not been completed and the organization could not reasonably be expected to effectively design and administer a 250 percent program increase without sufficient time to adequately organize and staff for the increases. In addition there is limited availability of potential Indian owned highway contracting firms to undertake a large increase in the IRR construction program.

The Federal Highway Administration proposed a program starting at $120 million in Fiscal Year 1992 and rising to $175 million in Fiscal Year 1996. This funding range was subsequently reduced to $95 million and $121 million, respectively to be consistent with last year's budget resolution agreement. The program levels proposed will provide for an orderly and cost effective, planning, design and construction delivery system.

NATIONAL HIGHWAY SYSTEM

SENATOR DOMENICI: New Mexico, being a rural state, with the fifth largest land area and the fifth smallest population, is apparently severely impacted by the size of the national system currently being proposed by the Administration. How does the Administration view the impact of the small national system on states like New Mexico?

ANSWER: In developing the 150,000-mile illustrative NHS, it became evident that predominately rural, sparsely populated states with relatively few roads would be impacted adversely if they were only allowed the same percentage of their roads on the NHS as other states. The rural mileage for New Mexico includes 4.44 percent of total rural roads in the State compared to an average of 3.36 percent for all States.

SENATOR DOMENICI: What latitude will states have to expand the system to meet their individual needs, given population density and size?

ANSWER: Population density and the relative size of each State's road system were taken into account by the Federal Highway Administration (FHWA) in developing the 150,000-mile illustrative NHS, and as noted in the answer to the previous questions, the rural mileage for large States with relatively small road systems was greater than other States. Senate bill 610 would allow the Secretary of Transportation to add up to 15,000 miles to the NHS. This provision would provide flexibility for the FHWA to accommodate some requests from States for additional mileage. The FHWA also expects that States will be allowed to transfer some mileage from rural to urban areas and vice versa.

SENATOR DOMENICI: The current Administration bill allocates approximately two-thirds of the money to the new National Highway System and only one-third to the urban/rural system. Does the Administration support shifting funds between the two systems to give the states flexibility in managing their local highway system? If so, does the Administration support a higher level than the 15 per centrum shift allowance that is indicated in the bill at the present time? I ask this question because New Mexico would prefer to be able to shift up to 30 per centrum of the funding between these two systems.

ANSWER: At this time the Administration would not support transferring a higher percentage of National Highway Program funds to the Urban/Rural Program (URP). To fulfill the National Transportation Policy goal of concentrating more Federal funds on facilities that are of national significance, we believe a minimum amount should be invested in the National

Highway System (NHS). Recognizing that some States would not need to spend the full amount of their National Highway Program (NHP) funds on the NHS to keep it in good condition, the Administration's bill allowed a 15 percent transfer to the URP. We believe that raising the percentage that can be transferred could undermine the improvement of the National Highway System.

DENSITY FACTOR

SENATOR DOMENICI: The funding formula as proposed in the Administration bill seems to treat New Mexico fairly, however, the State is very concerned that the factors in the formula for density and land area be retained and, if possible, strengthened. Does the Administration strongly support the land area and density factors in the formula? Would the Administration support expanding those factors to provide additional relief to rural western states?
ANSWER: Under the Administration's proposal, National Highway Program (NHP) funds would be distributed 70 percent on highway use of motor fuel, 15 percent on public road miles, and 15 percent on land area. There is also a low density adjustment for States whose population density is under 25 persons per square mile.

The Administration included the density supplement to ensure the equity principle to land mass States which have very extensive highway systems and very low densities. These States, which already have high per capita highway investment, would not be able to maintain their NHP routes without this supplement. Without the density supplement and land area factors,connectivity of rural America would be undermined. Urban America would also be cut off from the goods and services rural America supplies.

With respect to the degree of Administration support and possible additional expansion of rural factors,two observations are made: 1) The Administration is committed to a national highway program, including one that is equitable to rural America; and 2) the Administration's proposal only began the dialogue on apportionment factors and formulas, which is one of the most complex and difficult legislative issues. Thus, the Administration will continue this dialogue with Congress and work to ensure that the legislation finally enacted will contain the fairest possible factors.

RURAL DEVELOPMENT

SENATOR DOMENICI: In earlier versions of the Administration's bill, provisions were included that would have funded a rural development program. The provision was deleted from the current bill. Such programs as rural development would have a positive effect on economic development in rural western states like New Mexico. Would the Administration support a rural development program if it were proposed?

ANSWER: The Administration prefers providing flexibility to the States to resolve their transportation problems through broad flexible programs rather than categorical programs that would limit choices of the State. The block grant type Urban and Rural Program can be used by the States in a number of ways to address the unique problems of rural areas. Within this program a State may also qualify for extra obligational authority through the Metropolitan and Rural Innovative Bonus projects provision which encourages innovative solutions to rural access problems as well as to urban air quality and congestion problems. Thus, in the context of the program structure proposed by the Administration, we do not believe a new program for rural development is necessary.

URBAN/RURAL PROGRAM

SENATOR DOMENICI: The State of New Mexico has indicated to me that it is encouraged by the flexibility provided by the Urban/Rural Program. Does the Administration support increasing the flexibility of this program by making it a block grant, not subject to the certification and project approval procedures currently mandated for this program?

ANSWER: Our proposed Urban and Rural Program goes a long way toward the type of block grant you propose, but we do not believe we should abandon the certification procedures that are included in the proposal. We do not believe these requirements are onerous. In fact, there will be no project by project approvals. Projects, in effect, will be approved when the annual certification is accepted. The certification itself should not be a hindrance. Through it, a State certifies that it will abide by all Federal and State laws. Thereafter, the Federal government is essentially out of the picture. We do not believe it would be appropriate to just turn Federal funds over to the States without some assurance that those funds would be used as intended.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

SENATOR HATFIELD: While I understand that I-4R funds are limited, this bridge on a major federal interstate, had a structural deficiency rating of seven, which has since fallen to five, and met all of the requirements for I-4R funding. Why was the application not approved?

ANSWER: Candidate projects, totalling over $725 million were received from twenty States. Allocation of the $181 million available was made after candidate projects were ranked on the basis of the priorities in the law. Using the ranking priorities, the Santiam River Bridge had a high ranking but did not receive an allocation because there was not sufficient discretionary funds available after making allocations to relatively higher rated candidate projects.

SENATOR HATFIELD: Did other projects approved have a lower structural deficiency rating?

ANSWER: We did not require and did not know the structural rating of all bridges in projects that received allocations of I-4R discretionary funds. Only one other bridge reconstruction project was received and that project did not receive an allocation. Nearly all projects receiving allocations included work on bridges within the project limits. The work was incidental to the projects which included widening and resurfacing projects, projects for the reconstruction of interchanges and projects to correct operational and safety problems.

SENATOR HATFIELD: In your opening statement, you indicated that the bridge program will focus on deficient and obsolete bridges through continuation of dedicated special Federal-aid funds to assist States in rehabilitating or replacing bridges. How much money will be available in FY'92 for replacement of bridges?

ANSWER: The bridge program funds that will be available in FY 1992 for bridge replacement and rehabilitation is $1.82 billion.

SENATOR HATFIELD: How much will be available for replacement of bridges on interstate highways?

Answer: The Administration bill provides flexibility to States in deciding on the distribution of Bridge Program funds to highway systems. A minimum of 10 percent of a State's apportionment of Bridge Program funds are required to be expended for eligible bridges on roads functionally classified as local or as rural minor collectors. The remaining funds may be designated by the States in any percentage that they may elect for eligible bridge projects under the National Highway Program and under the Urban and Rural Program. This means that as much as 90 percent of the apportioned funding may be used for eligible bridges on the National Highway System of which the Interstate system is a part.

SENATOR HATFIELD: How much money would be needed to fund the replacement of interstate bridges with structural deficiency ratings of less than ten in FY'92?

ANSWER: Using the BNIP model, $14.7 billion is needed from all sources to replace deficient Interstate bridges. An additional $11.6 billion would be needed to rehabilitate bridges on that system.

By roughly estimating that 10% of Interstate bridges that are eligible for replacement have sufficiency ratings of less than 10, and all other factors such as bridge area are treated equal, FHWA estimates that $1.5 billion is needed to replace these bridges.

SENATOR HATFIELD: Will you briefly discuss the "major bridge discretionary program" that will apply to high cost bridges on roads not functionally classified as rural minor collector or local?

ANSWER: Eligible projects are bridges on the National Highway System with a replacement or rehabilitation costs of $10 million or more. On other public roads, except those functionally classified as local or as rural minor collector, eligible projects are bridges with a replacement or rehabilitation costs of $5 million or more. Applications for funding would have to include a comprehensive assessment of the feasibility of constructing a toll bridge, and the option of using combinations of funds other than Bridge Program Funds. The selection criteria remains essentially unchanged, and is based on a rating factor calculated by formula.

SENATOR HATFIELD: The Administration has proposed replacing the bridge sufficiency rating regulation as a criteria for determining funding with a new method that would be based on "level of service" criteria. I am very concerned that "safety" not be left out of the equation when determining priorities for bridge funding. How does the proposed "level-of-service" criteria for rating bridges evaluate safety and level of structural deterioration?

ANSWER: The level-of-service criteria considers user safety in several ways. First, it considers bridge attributes that are most highly correlated with accidents at bridge sites. These are bridge width, traffic volume, and approach roadway restriction (i.e., when the bridge is narrower than the approach roadway). Width is first evaluated in relation to functional class and traffic volume. Next, bridges that are 200 feet or less in overall length and not found deficient by the first criteria are further evaluated based on the approach roadway width. If a significant restriction exists, the bridge is considered deficient.

Another major safety consideration in the level-of-service criteria is load capacity which is evaluated in relation to functional class. Low load capacity is a safety concern from two aspects, 1) it may cause the bridge to be vulnerable to possible overload violations which could cause structural damage or collapse and 2) it may be an indicator of poor condition. The load rating of a bridge, if properly made, should take the condition of bridge members into account. If the condition is poor enough to affect the safe load capacity of the bridge, the load rating should be affected.

SENATOR HATFIELD: Section 508 of the Administration's proposed Transportation Bill (The Motor Carrier Act of 1991) states that "The Secretary is authorized to promulgate regulations to establish uniform standards for the collection and distribution of taxes and fees exclusively associated with the purchase, use and operation of commercial motor vehicles. The Regulations, at a minimum, shall provide for single base State collection with proportional sharing of the taxes and fee as appropriate."

Currently, the State of Oregon has a weight-distance tax, a tax based on a cost responsibility approach to highway finance. This tax accounts for 41% of the State's road user tax collections. The above provision, as written, would appear to preempt Oregon's weight-distance tax system. Could you please clarify whether or not this is the Administration's intent, and if so, why?

ANSWER: Section 508 does not pre-empt the States from levying a weight distance tax or any other highway use taxes they administer. The goal of the legislation is to provide a uniform mechanism for administering taxation of the interstate motor carrier operations. It would simplify the process for motor carriers by requiring base State collection of the taxes with proportional sharing of the revenues based on each State's tax formula. Thus, the motor carriers would no longer be required to deal independently with every State in which they travel. It also permits the Secretary to encourage a single point of contact within each State for registration and taxation requirements.

The policy would be implemented by establishing national standards for State administration of motor carrier registration and taxation requirements to achieve the base state, one stop shopping approach outlined in the proposed legislation. States would be encouraged to meet the national standards through participation in cooperative State agreements similar to the International Registration Plan or the International Fuel Tax Agreement.

SUBCOMMITTEE RECESS

Senator **Lautenberg**. We will recess the hearing at this juncture, kind of saved by the bell as they say, but we thank you very much for your participation.

You and your people do a good job. We have our disagreements: do not have enough money; do not have enough scope; we do not have enough research—other than that, we agree totally. [Laughter.]

But with that, this subcommittee stands in recess until Thursday, April 25, 10 a.m., in this room. We are going to hear then from the National Highway Traffic Safety Administration and the Research and Special Programs Administration of DOT.

With that, this hearing is recessed.

[Whereupon, at 2:47 p.m., Thursday, April 18, the subcommittee was recessed, to reconvene at 10:03 a.m., Thursday, April 25.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

Page

Adams, Hon. Brock, U.S. Senator from Washington, statement of 24

Boleyn, William A., Assistant General Manager for Finance and Comptroller, Washington Metropolitan Area Transit Authority 587
  Prepared statement 595

Carlson, E. Dean, Executive Director, Federal Highway Administration, Department of Transportation 605
Carmichael, Gilbert E., Administrator, Federal Railroad Administration, Department of Transportation 229
  Prepared statement 233
Chao, Hon. Elaine, Deputy Secretary of Transportation, Department of Transportation 339
  Prepared statement 344
Claytor, W. Graham, Jr., President and Chairman of the Board, National Railroad Passenger Corporation (Amtrak) 159
  Prepared statement 165
Clymer, Brian W., Administrator, Urban Mass Transportation Administration, Department of Transportation 457, 587
  Prepared statement 462, 589

D'Amato, Hon. Alfonse M., U.S. Senator from New York, prepared statement 4, 183, 341, 459, 610
Department of Transportation Headquarters Building Fact Sheet 377

Gillespie, Tim, Assistant Vice President, Government and Public Affairs, National Railroad Passenger Corporation (Amtrak) 159
Gunn, David L., General Manager, Washington Metropolitan Area Transit Authority 587
  Prepared statement 594

Hatfield, Hon. Mark O., U.S. Senator from Oregon, prepared statement 4
Hayward, Charles W., Vice President, Finance and Administration, National Railroad Passenger Corporation (Amtrak) 159

Kasten, Hon. Robert W., Jr., U.S. Senator from Wisconsin, prepared statement 16, 180, 620
Keiser, Edwin C., Acting General Manager for Design, Construction and Facilities Maintenance, Washington Metropolitan Area Transit Authority 587
Kime, Adm. J. William, Commandant, U.S. Coast Guard, Department of Transportation 129
  Biographical sketch 133
  Prepared statement 132
Krick, Robert L., Deputy Associate Administrator for Technology Development, Federal Railroad Administration, Department of Transportation 229

Landis, Richard P., Associate Administrator for Motor Carriers, Federal Highway Administration, Department of Transportation 605
Larson, Thomas D., Administrator, Federal Highway Administration, Department of Transportation 605
  Prepared statement 611
Lautenberg, Hon. Frank R., U.S. Senator from New Jersey, prepared statement 130
Lindsey, S. Mark, Chief Counsel, Federal Railroad Administration, Department of Transportation 229

Page

McCormick, Eugene R., Deputy Administrator, Federal Highway Administration, Department of Transportation ... 605
McManus, Robert H., Associate Administrator for Grants Management, Urban Mass Transportation Administration, Department of Transportation ... 457, 587
McQueen, James T., Associate Administrator for Railroad Development, Federal Railroad Administration, Department of Transportation ... 229
Mikulski, Hon. Barbara A., U.S. Senator from Maryland, prepared statement ... 17, 148, 590
Moore, Kate L., Assistant Secretary for Budget and Programs, Department of Transportation ... 1
Murphy, Katheryn B., Director, Office of Budget, Federal Railroad Administration, Department of Transportation ... 229

National Railroad Passenger Corporation 1991 Legislative Report ... 172
Norman, William S., Executive Vice President, National Railroad Passenger Corporation (Amtrak) ... 159

Olekszyk, Philip, Acting Associate Administrator for Safety, Federal Railroad Administration, Department of Transportation ... 229

Robbins, Clyde, Director, Office of Intelligence and Security, Department of Transportation ... 339

Sasser, Hon. Jim, U.S. Senator from Tennessee, prepared statement ... 472
Skinner, Samuel K., Secretary of Transportation, Department of Transportation ... 1
  Prepared statement ... 7
Spade, Capt. Dave, Chief, Budget Division, U.S. Coast Guard, Department of Transportation ... 129
Sullivan, Dennis F., Executive Vice President and Chief Operating Officer, National Railroad Passenger Corporation (Amtrak) ... 159

SUBJECT INDEX

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

Page

Big trucks:
    Brake systems on 632
    Equitable user tax on 630
Clean air requirements, impact of 618
Highway and mass transit funds, cross-use of 617
Highway funds for mass transit, 15-percent cap on 622
I–5 Santiam River bridge 623
    Funding issues on 624
    Safety and environmental issues on 623
Intelligent vehicle applications 628
    Promoting public interest in 628
Intelligent vehicle-highway systems [IVHS] 619
    Costs 629
    Japanese experience with 627
    State and local participation in 629
    States' participation in 626
    1992–96 funding for 627
Longer combination vehicles [LCV] 630
    Safety 631
More flexibility in urban areas to fund transit 622
National Highway System mileage cap 607
    Adequacy of 615
    Need to increase 616
National Highway System/State matching formula 608
Oregon weight-distance tax 625
Submitted questions 632
Ten-percent discretionary provision 616
TRANSCOM project to help reduce traffic congestion 626
Transit funds:
    Use for highway projects 621
    Use for transit in urban areas 621
Transit systems, ability to use transfer funds 621

FEDERAL RAILROAD ADMINISTRATION

Amtrak:
    Administration's funding recommendation for 238
    FRA's self-sufficiency study 241
    Labor negotiations 240
    Need for continued support 243
    SEPTA's payments to 244
Eliminating Federal subsidies to commuter rail systems, impact of 241
Maglev 245
Railroads and clean air 245
States' costs and responsibilities 242
Submitted questions 247

OFFICE OF THE SECRETARY

Airline:
    Antitrust enforcement in industry 36
    Higher fares 37

Page

Airline—Continued
    Smoking ban 38
Allocated resources, management of 17
American security efforts, level of 365
Amtrak:
    Additional savings 22
    Budget request 21
    Productivity improvements 23
    Study 22
Antiterrorism funding, U.S. faulted on 365
Aviation:
    Noise 33
    Security 31, 340, 343
    Security report recommendations 361
Aviation industry 353
Background checks 363
Budget request 341
CAFE standards 39
Clean Air Act 19
Commercial vehicle radar detectors 38
Contract set-asides 373
Cost increases for commuter lines on NEC, impact of 23
Environmental impact statement delay 35
FAA security programs, audit of 360
Foreign carrier security:
    Cost 32
    Procedures for 348
Governmentwide counterterrorism research 369
Highway trust fund—obligational authority 27
Indians, highway bill set-aside for 39
Infrastructure:
    Investment 12
    Needs 12
Integrated ferry system 26
Intelligence community, relationship with 368
International airline competition 356
Level 4 security procedures 367
Leveraged buyouts 354
Maglev development 26
Major security goals 370
Major themes 341
Market opportunities 358
NECIP task force 29
New DOT headquarters building:
    Completion date 381
    Cost of 375
    Fact sheet 377
    Site for 381
    Status of 374
New York, mass transit aid for 16
Northeast corridor electrification 27
Northeast, competition in 30
Notification guidelines 349
Office of Intelligence and Security 342
    Staffing 368
OSDBU task force report 373
Outreach 373
Outside technology, need to look at 370
Pan Am sale 15
Research funding, level of 367
Recognizing U.S. Coast Guard 19
Report, implementation of 362
Sale versus lease 376
Seattle, HOV development in 24
Security process, improvements in 350, 359
Site acquisition costs 374

Page
Slots:
    Allocation 359
    Availability of 356
    Utilization 357
Small and disadvantaged businesses 372
Stage III aircraft 34
State Department, linkage with 371
Submitted questions 40, 383
Thermal neutron analysis [TNA] devices 350
    Cost of 363
    Merits of 351
    Position on 367
UMTA's request 20
U.S. international carriers 355
War, FAA cost of 33
West Virginia highway allocation 13
65-mile-an-hour speed limit 38

URBAN MASS TRANSPORTATION ADMINISTRATION

Capital assistance 470, 482
Clean Air Act responsibility 469
Funds, dedicated source of 479
Highway/transit:
    Balanced funding 478
    Flexibility 477
    Funding ratio 475
National mass transit systems 474
New starts 461
Operating assistance 479
    Elimination of 467
    To New Jersey 480
Program level, sufficiency of $3 billion 470
Program predictability 466
State and local:
    Match 470
    Role 473
State contributions/SEPTA 468
Submitted questions 483
Transfer funds 479
Transit:
    Fares 481
    Profiles 481
Trust fund:
    Drawdown 471, 482
    Financing 470
UMTA funding level 477

U.S. COAST GUARD

Aireye system 147
Coast Guard Reserves 146
    Fiftieth anniversary 147
Covering other services during gulf crisis 143
Domestic oilspill readiness 148
Gulf oilspill 144
Operating expenses 135
Operation Desert Storm, responsibilities in 142
Reserve training account 146
Spill, assessing environmental impact of 145
Submitted questions 149
Supplemental, need for 142

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

Amtrak:
    Debt level 187
    Fewer conductors on trains 196

Page

Amtrak—Continued
  Proper funding for 184
  Washington, DC-New York service 192
Boston-New York service 190
Commuter lines, moving operating costs to 184
Continued development, downpayment on 178
Highway trust fund moneys for rail, use of 189
Hudson River and East River tunnels 194
Longer and heavier trucks 198
NECIP, zero funding for 194
North end track, realignment of 193
Rail as part of a balanced transportation system 199
Reducing Amtrak's costs 180
Safety purposes, screening Amtrak employees for 197
Submitted questions 200
Tilt technology on Northeast corridor, use of 195
Wage, benefits, work rule concessions 186

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Appropriations request 591, 593, 597
Construction plan 597
Local matching funds 598
Metro:
  Reauthorization legislation 592
  Status of operations 592
Metrorail construction, status of 592
Operating:
  Assistance 599
  Budget 593
Rail car purchase 597
Submitted questions 600
Urban Mass Transportation Administration:
  Budget proposal for WMATA 587
  Proposal 598
  Reauthorization legislation 588

O